

**MILITARY CONSTRUCTION AND VETERANS
AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2012**

THURSDAY, APRIL 7, 2011

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:01 p.m. in room SD-124, Dirksen Senate Office Building, Hon. Tim Johnson (chairman) presiding.

Present: Senators Johnson, Landrieu, Reed, Nelson, Pryor, Kirk, and Hoeven.

DEPARTMENT OF DEFENSE

OFFICE OF THE SECRETARY OF DEFENSE

STATEMENT OF HON. ROBERT F. HALE, UNDER SECRETARY OF DEFENSE (COMPTROLLER)

ACCOMPANIED BY DR. DOROTHY ROBYN, DEPUTY UNDER SECRETARY FOR INSTALLATION AND ENVIRONMENT

OPENING STATEMENT OF SENATOR TIM JOHNSON

Senator JOHNSON. Good morning. This hearing will come to order.

I welcome everyone to today's hearing to discuss the President's fiscal year 2012 budget request for military construction (MILCON) and family housing for the Department of Defense (DOD) and the Department of the Navy.

Our first panel today will be the DOD Comptroller, Bob Hale, and Dr. Dorothy Robyn, the Deputy Under Secretary for Installations and Environment.

Secretary Hale, Dr. Robyn, thank you for coming. We look forward to your testimony.

I remind my colleagues that, in order to reserve the majority of the time for questions, our procedure will be to have opening statements by the chairman and ranking member, followed by opening statements from the witnesses.

The President's MILCON and family housing budget requests for fiscal year 2012 totals \$14.8 billion, nearly \$4 billion less than last year's request. This decrease is due primarily to reduced requirement for base realignment and closure (BRAC) funds. I note that the deadline for BRAC completion is this September, and I hope that you can give us an update on where we are on completing the program.

These are austere times, and I understand that every agency must tighten its belt. However, I remain concerned about the level of construction funding for the Guard and Reserve. While I realize that last year was a high mark for the Army Guard, I note that all of the Guard and Reserve accounts are down this year, with the exception of the Air Force Reserve. In the past, the Guard and Reserve have benefited from earmarks and congressional plus-ups. That does not appear to be an option this year.

I know that relocation of marines from Okinawa to Guam remains a top priority for the Department. I know that DOD has faced many obstacles in getting this effort off the ground. I look for a progress report on the Guam relocation, as well as other major challenges facing the Department.

Senator Kirk, would you care to make an opening statement?

STATEMENT OF SENATOR MARK KIRK

Senator KIRK. Thank you, Mr. Chairman. I would.

I would note that our MILCON request of \$14.8 billion is down \$4 billion, or 21 percent, from the fiscal year 2011 budget request, largely due to the near completion of BRAC 2005. The budget request proposes to reduce Active-Duty MILCON by \$1.5 billion, or 12 percent, and to reduce Guard and Reserve construction by 14 percent, to \$1.2 billion, compared to the fiscal year 2011 request, although the Air Force Reserve construction request reflects a 325-percent increase—that's returning, actually, to a more normal level. I'm particularly worried on some of the accounts and the funding levels, but there are some issues that I would highlight.

I would note that the bill has a request for about \$146 million for the State of Illinois, including in my old congressional district at Great Lakes—and, great to see that.

Some of the questions that I hope we deal with today is, regarding a future bed-down for two brigade combat teams in Germany, and whether we will actually fund that, or we will bring one or both of them home.

There's no published cost right now for full-tour normalization in Korea, and I'm particularly worried about the cost of that proposal. My understanding is, it's about 54,000 dependents on the peninsula, with housing and schools. I would note DOD just sent over a list of the largest noncombatant evacuation orders in our history, and the largest one—one that I participated in as a Pentagon staffer in July 2006—was for 14,000, and this would be far in excess, if we ever had to get the people that we would bed down in Korea out of there quickly.

I'm also worried about—no master plan or releasable total cost for the facilities in Guam. Now, we did have this old chart which showed a big bed-down—this is, I think it's a fiscal year 2009 chart—showing how this thing would be staged in Guam, and where we would go. I guess the administration hasn't been able to update it. But my hope, for Mr. Hale, is you would be able to do that—to give us, and this subcommittee, some greater clarity over our Guam adjustments, especially in light of the Fukushima disaster. Would the Japanese have the cash to be able to come through on their commitments? And we are certainly looking for-

ward to Secretary of Defense and Secretary of State April 29 meetings as to what they can tell us about that.

I'm concerned on the Guam side that the U.S. military commitment to Guam, which is vast and necessary, in my view, should, first, include a huge missile defense architecture—because this thing is going to have one big bullseye on it. And we would want to—need to protect this investment. Second, the Environmental Protection Agency now estimates the water and power requirements alone for DOD would now total not the original estimate which I see here, of \$300 million, but more like \$1.3 billion. And it would seem that we would need to realign our expenses with those new estimates.

I'd also like your estimate on the \$100 million request for Bahrain—a \$45 million water development phase and a \$55 million bachelor officer quarters—given the instability in that region and where we go.

So, with those few, couple of noncontroversial issues, Mr. Chairman, I turn it back to you.

Senator JOHNSON. Secretary Hale, Dr. Robyn, thank you again for appearing before our subcommittee. Your prepared statement will be placed in the record, so I encourage you to summarize your remarks to allow more time for questions.

Secretary Hale, please proceed.

SUMMARY STATEMENT OF HON. ROBERT F. HALE

Mr. HALE. Well, thank you, Mr. Chairman, members of the subcommittee. And thanks for the opportunity to discuss the MILCON and facilities portion of the fiscal year 2012 budget. Your support is essential if we are to provide America's service men and women with the infrastructure and facilities that they need to meet our national security requirements.

To put our MILCON and family housing budgets in perspective, I'd like to start with just a very brief overview of the overall budget. And then I'll offer some comments from a financial perspective on some of the issues that have already been raised, and then turn to Dr. Robyn for more details on the MILCON and family housing.

Mr. Chairman, for DOD as a whole, we're requesting \$553 billion of budget authority for fiscal year 2012. This will equip and sustain a military at war, and one currently involved in major operations in Libya and Japan.

We'll devote those requested fiscal year 2012 funds to meeting three key priorities: First, reaffirming our commitment to take care of the All-Volunteer Force, which includes a 1.6-percent military pay raise, family support programs, and substantial healthcare programs. Second, re-balancing the Department's capabilities so we can prevail in current conflicts, including heavy investments in unmanned aerial vehicles and cyberwarfare activities. And third, enhancing our capabilities for conflicts we may face in the future through substantial investments in tactical aircraft, ships, ground vehicles, missile defense, and much more.

The budget also seeks efficiencies throughout DOD. We propose savings of \$178 billion through 2016. The Department as a whole saves \$78 billion and uses that to accommodate a reduction in our top line, which is in support of the administration's deficit control

efforts. The military services identified another \$100 billion in savings, and they will retain and invest those savings to meet high priority warfighter needs.

Some of these efficiencies affect MILCON and facilities. For example, the Army chose to make modest reductions in MILCON funding, while retaining sustainment funding for existing facilities. The Navy and Air Force generally retained planned MILCON funding, but they are pursuing a new approach to prioritization they believe will permit modest reductions in spending for facility sustainment.

Turning to the MILCON and family housing request, as you know, it's \$14.8 billion—that's less than our previous requests over the last 4 years, as the chairman mentioned, due largely to declining investments in BRAC, but also because of reductions in global defense posture and grow-the-force initiatives. Of the \$14.8 billion invested, \$12.5 billion is for MILCON, including important new quality-of-life programs consistent with our first and highest priority goal to take care of our people. The request includes funding to begin recapitalizing the Landstuhl hospital—the first stop for wounded service members—and \$550 million to replace or modernize 15 schools for military dependents. Additionally, our plan over the next 5 years is to replace or recapitalize more than one-half of Department of Defense Education Activity (DODEA) schools over the next few years. Our request also includes \$0.6 billion—\$600 million—for BRAC, and another \$1.7 billion for family housing.

In addition to the base budget, we're asking for \$178 billion for overseas contingency operations, primarily in Afghanistan and Iraq. No new funds are requested for fiscal year 2012 for MILCON in the overseas contingency operations budget.

I'd like to say a few words from a comptroller standpoint about some key programs. First, budgets for MILCON have increased rapidly in recent years, increasing from \$5.1 billion in fiscal year 2000 to \$13.1 billion in fiscal year 2012, an average growth of 8.1 percent a year, making MILCON the fastest-growing defense appropriation during this period of time. While this growth by itself doesn't suggest cutting back on MILCON funding, all defense spending will have to be reviewed as we seek to slow the growth in the overall defense budget.

There are a few items of significant interest. One is BRAC. Most of the 222 BRAC recommendations have been completed or will be finished by the statutory deadline of September 15. As a result, we're requesting only \$600 million to fund BRAC-related caretaker and environmental restoration activities. While the great majority will be completed, there are a few recommendations that are at risk of not meeting the BRAC deadline. We're doing all we can to complete them within the current BRAC law, but it's going to be tight for some of these. They are certainly at risk.

A second issue concerns Guam and the planned relocation of personnel. We asked for \$452 million last year in the fiscal year 2011 budget. That request raised a lot of questions that were posed earlier. More recently, the tragic earthquake and tsunami have raised new questions. So far, we have not seen a change in Japanese policy toward the relocation issue, but we are also looking forward to

the two-plus-two meeting in late April for further discussion of that issue.

We have asked for, what we view as, a fairly modest amount of funding—\$181 million for fiscal year 2012—for Guam-related, Marine Corps-related, moves to Guam—for two utility infrastructure projects. We know that we need to supply more information to the Congress about the relocation, including some final estimates of costs, and hope we get more clarity after the two-plus-two meetings. At the same time, and especially in view of the major contributions the Japanese have already made—we have \$837 million of Government of Japan money in our budget or in our bank right now—we do ask that the Congress support what we view as a fairly modest request for funding for the Marine Corps-related moves—the \$181 million I mentioned.

[The information follows:]

Given the current fiscal environment, the Department continues to conduct analyses and assessments of the necessary infrastructure and associated costs required for the relocation of marines to Guam. We understand the significant investment necessary to accomplish this initiative and are committed to ensuring fiscal discipline throughout the process. I look forward to providing an update when our assessment is complete and opportunities to minimize costs are identified.

Mr. HALE. A third issue involves United States troops in Europe. We've been in consultation with European allies concerning a number of brigades stationed there, but as of this hearing we have not reached a final decision. I do expect that decision, and the announcement of that decision, to be imminent. Until we have a final decision, we are not requesting in this 5-year plan any MILCON funds to return any brigade combat teams from Europe to re-station them in the United States.

Finally, I need to mention what is the most serious financial problem facing DOD today, and that's the lack of an appropriation for the DOD for fiscal year 2011. We're on our sixth continuing resolution, which is causing serious problems. We've had to delay awards of ship and vehicle contracts, which has caused problems for our vendors and postponed delivery of needed weapons; readiness has been harmed; the Army and the Marine Corps have—temporary civilian hiring freezes. For example, we can't replace a tank mechanic when that job becomes open. Our people have been greatly affected. The Navy has sought to preserve funding flexibility by cutting back on the time between issuing travel orders and the move itself—which puts a strain on military families.

MILCON has not been spared the effects of these continuing resolutions. As of March 23, we had 140 approved major MILCON projects, totaling \$3.1 billion, that have been placed on hold. We're ready to make the awards to contractors, but we can't do that under a continuing resolution. We're delaying everything from maintenance hangars to barracks—22 of those projects are quality-of-life initiatives. And it will be difficult for an already understaffed contracting workforce to catch up once the Congress acts on an appropriation. I fear the continuing resolutions have already led to substantial inefficiencies—I know they have. And this problem will grow rapidly if we remain on continuing resolutions. And I might add, it will be much worse if we go through a Government shut-down of any substantial length.

Secretary Gates has called the continuing resolution a crisis at our doorstep. I couldn't agree more. To put it simply, DOD and the other Government agencies need an appropriation for fiscal year 2011, and we ask your help in achieving that goal.

In conclusion, Mr. Chairman, I believe the fiscal year 2012 budget request is prudent, given the needs of the armed forces and the economic situation in which we find ourselves. The budget requests a reasonable and responsible MILCON and family housing program in our view, and I urge your support.

PREPARED STATEMENT

Let me end by thanking you and the members of the subcommittee for the strong support of the men and women of the U.S. military.

That concludes my statement. And after Dr. Robyn finishes, I'll be glad to join in answering questions. Thank you.

[The statement follows:]

PREPARED STATEMENT OF HON. ROBERT F. HALE

Mr. Chairman, members of the subcommittee, thank you for the opportunity to discuss the military construction (MILCON) and facilities portions of the fiscal year 2012 budget for the Department of Defense (DOD).

Your continued support is essential if America's All-Volunteer Force is to have the infrastructure and facilities it needs to ensure the national security of the United States and to carry out required missions around the world.

To put the MILCON and family housing requests into context, I would like to provide a brief overview of the President's budget for the entire Department. Then I will highlight a few key financial issues related to facilities. My colleague, Dr. Dorothy Robyn, Deputy Under Secretary for Installations and Environment, will follow with the details on the MILCON program.

BASE BUDGET REQUEST

Mr. Chairman, the Department's budget for fiscal year 2012 requests \$553.1 billion in discretionary budget authority. This represents a real increase of 3.6 percent over the levels of the present continuing resolution, and about 1.5-percent real growth over the omnibus defense bill that was marked up by the Congress last December.

The budget reflects the administration's commitment to the defense budget that is needed to equip and sustain a military at war. Before making this proposal, the President carefully balanced our national security needs with our economic security, taking into account the Federal deficit.

The budget for fiscal year 2012 also continues the reform agenda that Secretary Gates launched in fiscal year 2010. This year's budget places greater focus on reforms of DOD's organization and business processes.

More specifically, the fiscal year 2012 budget continues and reinforces key priorities laid down by Secretary Gates for the Department:

- One, it reaffirms our commitment to take care of the All-Volunteer Force, which we consider our greatest strategic asset. We propose a 1.6-percent military pay raise, \$8.3 billion for family support programs, and \$52.5 billion for military healthcare;
- Two, the fiscal year 2012 base budget continues the rebalancing of the Department's capabilities in order to improve our ability to prevail in current conflicts, such as the unconventional war in Afghanistan. To that end we plan to invest \$4.8 billion to purchase unmanned aerial vehicles and \$2.3 billion for cyber activities;
- Finally, our budget maintains and enhances our capabilities for the conflicts we may face in the future. Included are a restructured but substantial Joint Strike Fighter program, a new tanker program, an aggressive shipbuilding program, and a new ground combat vehicle.

This budget also seeks to make the most of taxpayer resources by introducing efficiencies across the Department. Specifically, we are proposing savings of \$178 billion for the Future Years Defense Program, which encompasses the period from fis-

cal year 2012 through fiscal year 2016. The armed services have identified savings of \$100 billion, most of which they will retain and reinvest in higher priorities to support the warfighter. The Department as a whole has identified \$78 billion in savings to accommodate a topline reduction over the same 5-year period. This topline reduction supports the President's program to hold down the Federal deficit.

MILITARY CONSTRUCTION AND FAMILY HOUSING

The MILCON and family housing portion of this budget supports these objectives. We are asking for \$14.8 billion for MILCON and family housing. The fiscal year 2012 MILCON request is significantly less than it was in the previous 4 years due to declining investments in base realignment and closure (BRAC), as well as reductions in Global Defense Posture and Grow-the-Force initiatives.

Of the \$14.8 billion requested, \$12.5 billion is for MILCON, including \$1.9 billion for 41 new barracks, six new physical fitness centers, four new child development centers, and four chapels. The request also includes funding to begin recapitalizing the Landstuhl hospital, which is the first stop for evacuated wounded servicemembers, and \$550 million to replace or modernize 15 DOD Education Activity (DODEA) schools to serve military dependents. Our plan is to replace or recapitalize more than one-half of the 194 DODEA schools over the next few years.

In addition, the fiscal year 2012 budget includes \$0.6 billion for BRAC-related environmental clean-up and caretaker costs and \$1.7 billion to fund construction, operation, and maintenance of Government-owned family housing worldwide. This investment will help to provide quality, affordable housing to U.S. military personnel and their families.

REQUEST FOR OVERSEAS CONTINGENCY OPERATIONS

Besides the base-budget request for DOD, the President has requested \$117.8 billion to fund overseas contingency operations, mainly in Afghanistan and Iraq. This amount is \$41.5 billion less than was requested in fiscal year 2011, primarily because of declines in overseas contingency operations funding as we transition to a civilian operation in Iraq.

No new funds are requested for MILCON in the fiscal year 2012 budget. The MILCON request last year was \$1.2 billion and included funding for troop housing in Afghanistan, as well as operational and support facilities.

I would point out that the fiscal year 2012 overseas contingency operations budget does include \$524 million for the Office of Security Cooperation-Iraq (OSC-I). The OSC-I, which will be funded jointly by the Departments of State and Defense, will execute our Foreign Military Sales program in Iraq. OSC-I will help to ensure the continuation of military-to-military relationships that advise, train, and assist Iraq's security forces. In order to provide timely assistance and enable the transition to a civilian-led mission in Iraq, we need to begin funding OSC-I initiatives in fiscal year 2011 and continue to support the OSC-I requested funds in fiscal year 2012. DOD needs legislative authority (which includes authority to construct and renovate facilities) to provide this assistance. We ask the Congress to include that in the DOD appropriation bill for fiscal year 2011 and to sustain the authority in fiscal year 2012.

TRENDS AND SPECIFIC ISSUES

Last, I would like to say a few words from the Comptroller's standpoint about several specific MILCON programs that Dr. Robyn will describe shortly.

Budgets for the MILCON appropriation have grown rapidly in recent years, rising from \$5.1 billion in fiscal year 2000 to \$13.1 billion in the fiscal year 2012 budget. Growth has averaged 8.1 percent a year over this period, making MILCON the fastest growing of all defense appropriations over this stretch of years. Rapid growth does not by itself suggest that we should slow the growth or reduce MILCON funding. But, as overall growth in the defense budget slows, MILCON will need to be examined carefully. Indeed, the Congress has already begun reducing MILCON requests in markups of the fiscal year 2011 budget.

As defense budgets tighten, we need to be sure that we are investing every MILCON dollar wisely and that we have sought efficiencies and streamlining wherever possible. As we formulated the fiscal year 2012 budget, we considered several issues that bear on these goals.

One is BRAC. As I mentioned already, most of the 222 BRAC projects have been completed or will be finished by the statutory deadline of September 15, 2011. As a result, our MILCON request for fiscal year 2012 includes only \$0.6 billion to fund BRAC-related caretaker and environmental restoration expenses. The great majority

of projects will be completed on time. We are experiencing delays on a handful of projects, but we will do all that we can to comply with the current law.

A second issue concerns Guam and the planned relocation of personnel and dependents of the Third Marine Expeditionary Force now in Okinawa. The fiscal year 2011 MILCON request included \$452 million for related costs. That request has raised various congressional concerns about the viability of the move and our agreements with the Japanese Government. More recently, the earthquake and tsunami in Japan have raised a number of new questions. At present, the relocation plan remains in effect. We are requesting modest funding for the move-related MILCON budget for fiscal year 2012—specifically, \$181 million to fund two utility infrastructure projects that will support future construction on Guam. We understand that we need to provide the Congress with more information about the relocation. At the same time, and especially in view of substantial Japanese contributions to the Guam relocation, we ask for congressional support of the relatively modest fiscal year 2012 funding request for this initiative.

A third issue that has yet to be resolved involves United States troops in Europe. In view of the NATO strategic review and overall United States capabilities in Europe, we have been in ongoing consultations with our European allies and partners concerning the number of Army brigades stationed there. But we have not reached a final decision. Pending a final decision, our fiscal year 2012 budget does not request any MILCON funds to return brigade combat teams from Europe.

I should add that facilities funding and all costs for business operations were examined closely as we sought efficiencies during formulation of this year's budget. The Army chose to make some modest reductions in MILCON funding by sustaining existing facilities. The Navy and Air Force generally sustained their MILCON funding but elected to pursue a new approach to prioritization that they believe will permit modest reductions in spending for facilities sustainment.

FISCAL YEAR 2011 CONTINUING RESOLUTION—A CRISIS AT OUR DOORSTEP

Finally, I cannot fail to mention the most serious financial issue we face today: the lack of an appropriation for the DOD for fiscal year 2011. The continuing resolutions under which we have been operating are causing serious problems and generating substantial inefficiencies. We have had to delay awards of ship and vehicle contracts, causing problems for vendors and postponing delivery of weapons needed by our troops. Readiness has been harmed because of maintenance delays and hiring freezes that prevent DOD from replacing needed personnel. Our people have been hurt as, for example, the Navy has sought to preserve funding flexibility by cutting back on the time between issuing travel orders and the move itself.

MILCON has not been spared during these continuing resolutions. As of March 23, 2011, 140 needed projects totaling \$3.1 billion have been placed on hold. We are delaying everything from maintenance hangars to barracks, and it will be difficult for an already understaffed contracting workforce to catch up once the Congress acts on an appropriation. I fear that the continuing resolutions will engender substantial inefficiencies.

Secretary Gates has called the continuing resolution a crisis at our doorstep, and as the Department's comptroller I couldn't agree more. To put it simply, DOD and the other Government agencies need an appropriation, and we ask your help in achieving that goal.

CONCLUSION

In conclusion, I believe that the fiscal year 2012 budget is prudent, given the needs of the armed forces and the economic situation in which we find ourselves. The budget supports a reasonable and responsible MILCON and family housing program. I urge your support for this request.

Again, Mr. Chairman, I want to thank you and the members of the subcommittee for your strong support of the men and women of the DOD. That concludes my statement. After Dr. Robyn completes her statement, we will both be glad to answer your questions.

Senator JOHNSON. Thank you, Secretary Hale.
Dr. Robyn.

SUMMARY STATEMENT OF DR. DOROTHY ROBYN

Dr. ROBYN. Thank you, Chairman Johnson, Ranking Member Kirk, members of the subcommittee. Thank you for the opportunity to testify on the President's budget request for MILCON.

MILITARY CONSTRUCTION

I want to talk briefly about three areas—MILCON, BRAC, and then installation energy.

Bob has really covered very well most of the points that I was going to make in my opening statement. I have a much longer written statement on MILCON. We're targeting three key areas that he's highlighted—operational requirements, recapitalization of our DODEA schools, both here and overseas. This is a 6-year, \$4 billion effort to rebuild or recapitalize 134 schools and, in the process, make them models of energy efficiency and the kind of technology that really stimulates student learning. And then, the third target area is medical infrastructure—\$1.1 billion to upgrade our medical infrastructure.

Let me just briefly mention two other points under MILCON. I want to note that we're requesting only \$1.7 billion for family housing, and that's largely for family housing on our bases overseas. A decade ago if I had been testifying on our budget, the amount requested for family housing would have been much closer to the amount requested for MILCON.

The reason the number is so low for family housing is the tremendous success of privatized housing. We now provide very, very high quality housing for our families on U.S. bases using private developers. They have an incentive to build it right, to maintain it. They have to compete in order to attract and retain tenants, because service members can go elsewhere. It is the most successful effort to improve quality of life that I am certain that my office has been associated with. And we were a major champion of it in the face of a lot of resistance. So, I take every opportunity to plug that.

And finally, let me underscore Bob's comments on Guam. We are very aware of the information that you want and that, we are re-looking at costs and timelines. But we're limiting our requests this year to two infrastructure projects totaling \$181 million, one of which we would be doing in any event. It involves Anderson Air Force Base. Given the substantial contribution that the Japanese Government has already made to the Guam relocation, we are asking for your support of the relatively modest fiscal year 2012 funding that we're requesting.

BASE REALIGNMENT AND CLOSURE

Second, with respect to BRAC, as Bob said, we're in the final year of implementing BRAC 2005, with all 222 recommendations required to be completed by September 15. We are facing challenges in about five or six actions. We're working diligently to ensure that we satisfy our legal obligations. Once implementation is completed, we will realize an estimated \$4 billion a year in savings. So, this will be the biggest, BRAC, both in terms of what, cost up front, but also in terms of the savings.

One particular concern—and I know it's one this subcommittee has monitored closely—is the impact of BRAC on communities that are gaining as opposed to losing troops and facilities. And a key issue here is the impact on local congestion—local transportation networks. Last year your bill directed the National Academies of Science to study the effect of BRAC on local transportation net-

works, and we worked with the Academy to do that study. It's a very good study. It focuses on the Defense Access Roads (DAR) program, and the need to revise the criteria for funding under the DAR program. We are doing that. It will take us some time, but I guarantee you, it will represent a change in policy under the DAR program, and it will make it easier for us to mitigate adverse traffic impacts caused by the Department's actions, particularly in highly congested urban areas.

The final BRAC point I would like to make has to do with joint basing—the consolidation of 26 installations into 12 joint bases—something that could not have been done without the forcing mechanism of BRAC. This process, which my office has overseen, has been very, very difficult. It is hard to get an Air Force base and an Army base to, in effect, merge. It's like a corporate merger, and as with a corporate merger, the cultural differences are the hardest to overcome. But we're succeeding. We are getting the predictable consolidation benefits—economies of scale. But we're seeing something unexpected, and that is that these joint base commanders, faced with these parallel and often conflicting service requirements, are out of necessity, coming up with cross-cutting, very innovative business processes—approaches that we can leverage throughout the entire Department. So, joint bases are becoming incubators for innovation. And, I don't think anybody anticipated that. It makes sense when you think about it. It's a happy result of joint basing.

INSTALLATION ENERGY

Finally, let me speak briefly about what we're doing about installation energy. The energy we use on our installations is important for two reasons. One is mission assurance. Our installations support combat operations more directly than ever before. We pilot unmanned aerial vehicles (UAVs), perform intelligence analysis, and even deploy long-range bombers from our domestic permanent installations. These bases, in turn, rely on an electricity grid that experts tell us is vulnerable to major disruption due to natural or manmade causes. That's a concern.

The second reason energy is important to the Department is cost. We have more than 300,000 buildings—\$2.2 billion square feet of space. That's 12 times as much as GSA, 3 times as much as Walmart. Our energy bill just for installations is correspondingly large—\$4 billion a year. With an eye toward lowering that energy bill and improving the energy security of our installations, we're pursuing a multifaceted strategy—we're using our MILCON and our sustainment budgets, supplemented by third-party financing, to drive the effort to make our buildings more energy efficient. We're taking steps to make our installations more secure in the event of a major disruption to the grid—renewable energy is critical here, as is investment in microgrid technology.

And finally, we are using our installations as a virtual test bed to demonstrate next generation energy technology—technology that can dramatically reduce our energy performance, but that faces major hurdles to commercialization because of the nature of the building and energy industry. For those technologies that prove effective in these test bed demonstrations, we can use the substantial demand by our installations to help create a market, much as the

Defense Department has done historically with computers, GPS, the Internet and many other things.

These efforts to green military installations are good for the environment, to be sure. But that's not the main reason we're pursuing them. The main reason is cost-savings and mission assurance. These are smart investments for the Department, and they will pay for themselves many times over.

PREPARED STATEMENT

Thank you again for the opportunity. I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF DR. DOROTHY ROBYN

Chairman Johnson, Senator Kirk, and distinguished members of the subcommittee: Thank you for the opportunity to present the President's fiscal year 2012 budget request for the Department of Defense (DOD) programs to support installations, installations energy, and the environment.

Installations are the military's infrastructure backbone—the platform from which our soldiers, sailors, airmen, and marines accomplish their missions. Installations have long supported the maintenance and deployment of weapons systems and the training and mobilization of combat forces. Increasingly, they have an even more direct link to the warfighter, by providing “reachback” support for combat operations. Our installations are also becoming more important as a staging platform for homeland defense missions.

Installations affect not just our mission effectiveness but the very quality of life that our servicemembers and their families enjoy. Families' satisfaction with the most critical services they receive—housing, healthcare, childcare, on-base education—is linked to the quality and condition of our buildings and facilities.

My testimony addresses four key topics:

- First, international and domestic basing decisions, including the buildup of marines in Guam and the 2005 base realignment and closure (BRAC) process;
- Second, the Department's management of the built environment, including the programs that support MILCON, family housing, and sustainment and recapitalization;
- Third, our strategy for improving the energy efficiency and energy security of our installations; and
- Fourth, our programs for protecting the natural environment.

THE GLOBAL PICTURE: INTERNATIONAL AND DOMESTIC BASING

Global Basing

To project power globally, the Department must have the right mix of military forces and facility infrastructure at strategic locations. My office supports the Department's strategic security objectives by ensuring that decisions about international basing of troops and facilities are the product of joint planning and rigorous analysis. We also seek to leverage existing infrastructure wherever possible. As examples, we are assisting the services with planning for the U.S. Forces Korea transformation initiatives, the recapitalization and consolidation of the Landstuhl Regional Medical Center in Germany, and the relocation of thousands of marines and their families from Okinawa to Guam.

Rebasing Marines From Okinawa to Guam

The realignment of marines from Okinawa to Guam represents a major change in our force posture in Asia. It is designed to further several strategic goals. First, it will strengthen our alliance with Japan by relieving longstanding pressures associated with our presence in Okinawa. Second, it will ensure the long-term presence of United States forces in Japan and the Western Pacific. Third, by making better use of Guam's strategic advantages, it will more effectively array United States forces to deal with the complex and evolving security environment in Asia.

The United States is unlikely to get another opportunity to craft a strategic realignment that both enhances our regional force posture and incorporates substantial funding from a key ally—in this case, the Government of Japan, which has pledged more than \$6 billion. As a testament to its commitment to the realignment

plan, Japan has already provided \$834 million in direct funding for construction and has another \$582 million in its current budget, \$415 million of which will go to improve Guam's utilities infrastructure.

The President's fiscal year 2012 budget request includes \$181 million for construction projects to support the marines relocation to Guam. Our request includes another \$33 million for projects to address the socioeconomic impact of the buildup, including a repository for the preservation of artifacts unearthed during MILCON as required by the National Historic Preservation Act. Recognizing that the strategic value of the buildup warrants a "whole-of-government" approach, the fiscal year 2012 budget request also includes \$34 million in commitments from other Federal agencies. These projects will yield long-term benefits for U.S. military forces as well as help mitigate the impact of the marked increase in Guam's population that a major MILCON program and the subsequent realignment will produce. They will also demonstrate our commitment to working with the Government of Guam, whose support for the relocation is key. As one indication, Guam last month signed the "Programmatic Agreement" required under the National Historic Preservation Act, which paves the way for MILCON by establishing protocols for the preservation of artifacts that we uncover.

The movement of marines from Okinawa to Guam gives us a rare opportunity to build an installation from the ground up. We intend to take full advantage of this opportunity, using contemporary urban planning techniques to avoid sprawl and minimize land use. We will also integrate modern energy technology and sustainability practices to create an enduring base that meets our current and future requirements while minimizing impact on the local community and the island's natural resources.

Domestic Basing: Base Realignment and Closure

Turning to domestic basing, we are in the final year of implementation of BRAC 2005, with all 222 recommendations required to be completed by September 15. While the Department is facing challenges to meeting that schedule in a few cases, we are working diligently to ensure that we satisfy our legal obligations. Once implementation is completed, we expect to realize an estimated \$4 billion in annual savings.

While our investments are creating economic opportunities for communities experiencing growth as a result of BRAC, some of those communities feel that the Department has ignored potential adverse effects. One particular concern is the impact of growth on local transportation networks. Although we have the authority to mitigate transportation impacts of BRAC through the Defense Access Road (DAR) program, we have been criticized for defining those impacts too narrowly. In response to congressional direction, the National Academy of Sciences studied the effects of BRAC on local transportation, and we plan to revise the DAR funding criteria based on the findings of this recently completed study. This revision will make it easier for us to mitigate adverse traffic impacts caused by the Department's actions, particularly in congested urban areas.

A significant action under BRAC 2005 that my office has championed is the consolidation of 26 installations into 12 joint bases. Joint bases represent a fundamental change in our approach to installation management. Predictably, we are beginning to realize efficiencies from this initiative, many of them the result of economies of scale. For example, consolidating all recycling operations at Joint Base McGuire-Dix-Lakehurst saved \$1 million in facility and equipment requirements and reduced overall contract costs by \$200,000 annually. Far more important, however, is that our joint base commanders—faced with parallel and often-conflicting service rules and requirements—are successfully implementing new, cross-cutting business processes. This ability to transcend traditional practices and develop innovative solutions to longstanding inefficiencies is key to positioning ourselves for future, Department-wide reforms.

I had the opportunity to meet personally with most of the joint base commanders in February at our program management review. I am excited about the prospects for using joint bases as "incubators for innovation," as one joint base commander put it. I also continue to be encouraged by their can-do attitude and dedication to providing the highest quality service, not only in support of the military missions on their sites, but to servicemembers and their families as well.

Finally, one of the key tools for disposing of property under BRAC is the economic development conveyance (EDC), which was created in 1994 to promote the rapid transfer of BRAC property for job-creating economic development. In recent years, EDC conveyances have been delayed by complicated negotiations over the value of one-of-a-kind parcels of property. As negotiations dragged on, the Department paid for property maintenance and the community was unable to redevelop the property

and create jobs. Last year, the Congress amended the statutory authority underlying EDCs to remove the requirement that the Department seek to obtain fair market value for an EDC. The amended law also provides explicit authority for the Department to use flexible tools for determination of “consideration” (payment), such as so-called “backend” financing. We are finalizing a regulation that will implement these much-needed amendments to the EDC law, and we hope to issue it soon. Our goal is to simplify and accelerate the EDC process by allowing both communities and the Department to share in the success of redevelopment efforts.

MANAGING OUR BUILT ENVIRONMENT

The President’s fiscal year 2012 budget requests \$14.8 billion for military construction (MILCON) and family housing—a decrease of approximately \$4 billion from the fiscal year 2011 requested level. This decrease primarily reflects the decline in investment needed as we approach the end of BRAC 2005.

MILCON AND FAMILY HOUSING BUDGET REQUEST, FISCAL YEAR 2012 VS. FISCAL YEAR 2011

[Dollars in millions]

| | Fiscal year 2011 request | Fiscal year 2012 request | Change from fiscal year 2011 | |
|--|-----------------------------|-----------------------------|------------------------------|-------------|
| | | | Funding | Percentage |
| Military Construction | \$13,705.7 | \$12,006.4 | – \$1,699.3 | – 12 |
| Base Realignment and Closure IV | 360.5 | 323.5 | – 37.0 | – 10 |
| Base Realignment and Closure 2005 | 2,354.3 | 258.8 | – 2,095.5 | – 89 |
| Family Housing Construction/Improvements | 356.8 | 373.7 | + 16.9 | + 5 |
| Family Housing Operations & Maintenance | 1,448.7 | 1,318.2 | – 130.5 | – 9 |
| Family Housing Improvement Fund | 1.1 | 2.2 | + 1.1 | + 100 |
| Homeowners Assistance Program | 16.5 | 1.3 | – 15.2 | – 92 |
| Chemical Demilitarization | 125.0 | 75.3 | – 49.7 | – 40 |
| Energy Conservation Investment Program | 120.0 | 135.0 | + 15.0 | + 13 |
| NATO Security Investment Program | 258.9 | 272.6 | + 13.7 | + 5 |
| Total | 18,747.5 | 14,767.0 | – 3,980.5 | – 21 |

Military Construction

We are requesting \$12.5 billion for “pure” MILCON—i.e., exclusive of BRAC and family housing. This request addresses routine needs for construction at enduring U.S. and overseas installations and for specific programs such as the NATO Security Investment Program and the Energy Conservation Investment Program. In addition, we are targeting MILCON funds in three key areas.

First, and most important, we are supporting operational mission requirements. MILCON is key to initiatives such as Grow the Force and the Global Defense Posture Realignment, as well as to the fielding of modernized and transformational weapon systems such as the F–22, the F–35, and the MQ–9. Our budget request also includes a range of mission support facilities—for Special Operations Forces, Guard, and Reserve units, and the Army’s transformation into a brigade-centric, modular force.

Second, the President’s budget request supports the continued recapitalization of our DOD-dependent schools here in the United States and overseas. We are now in the second year of a 6-year plan to repair or replace all 134 schools that were in poor or failing physical condition. The fiscal year 2012 budget request includes \$550 million to recapitalize 15 of these schools.

Third, the fiscal year 2012 budget request includes more than \$1.1 billion to upgrade our medical infrastructure. By modernizing our hospitals and related facilities, we can improve healthcare delivery for our servicemembers and their families, and enhance our efforts to recruit and retain personnel. Our budget addresses projects that directly affect patient care by improving and expanding existing facilities, and providing additional capacity to support Grow the Army. It also allows us to continue improving the medical research facilities that support vital chemical-biological defense efforts.

Facilities Sustainment and Recapitalization

In addition to investing in new construction, we must maintain, repair, and recapitalize our existing facilities. The Department’s sustainment and recapitalization programs strive to keep our inventory of facilities mission capable and in good working order. The fiscal year 2012 budget request includes \$8.8 billion for sustainment and \$9 billion for recapitalization (restoration and modernization) of our facilities.

Sustainment represents the Department's single most important investment in the health of its facilities. It includes regularly scheduled maintenance and repair or replacement of facility components—the periodic, predictable investments an owner should make across the service life of a facility to slow its deterioration and optimize the owner's investment.

SUSTAINMENT AND RECAPITALIZATION BUDGET REQUEST, FISCAL YEAR 2012 VS. FISCAL YEAR 2011

[Dollars in millions]

| | Fiscal year 2011 request | Fiscal year 2012 request | Change from fiscal year 2011 | |
|---|-----------------------------|-----------------------------|------------------------------|------------|
| | | | Funding | Percentage |
| Sustainment (O&M & MILPERS) | \$9,042 | \$8,835 | -\$207 | -2 |
| Recapitalization (O&M, MILCON, MILPERS, RDT&E) | 4,583 | 9,031 | + 4,448 | +97 |
| Total | 13,625 | 17,866 | + 4,241 | +31 |

We use a facilities sustainment model (FSM) based on industry benchmarks to estimate the annual cost of regularly scheduled maintenance and repair for different types of facilities. Our policy calls for the services to fund sustainment at no less than 90 percent of the FSM-generated estimate. For fiscal year 2012, however, the Navy and Air Force have opted to take risk, funding sustainment at only the 80 percent level.¹ As a result, our fiscal year 2012 budget request funds sustainment DOD-wide at only 86 percent of the FSM-generated estimate.

Recapitalization (restoration and modernization) serves to keep the inventory of facilities modern and relevant, extend the service life of individual facilities, and restore capability lost due to man-made or natural causes. Compared with sustainment, recapitalization needs are harder to forecast because they are a function of change—in functional standards (e.g., a new requirement for the configuration of enlisted housing rooms), in available technology (e.g., new lighting fixtures and next-generation boilers) and even in the mission that the facility supports. The fiscal year 2012 budget requests \$9 billion for recapitalization—\$4.4 billion more than the fiscal year 2011 request. This reflects an increased emphasis by the Army and Air Force on upgrading their existing facilities.

Finally, demolition (including deconstruction to recycle and reuse building parts) is an important tool in any recapitalization effort. Our fiscal year 2012 budget requests \$409 million to eliminate more than 17 million square feet of facilities—a demonstration of our commitment to demolish what we no longer need or cannot economically repair.

Family and Unaccompanied Housing

Housing is key to quality of life—in the military no less than in the civilian world. The fiscal year 2012 budget requests \$1.7 billion for family housing, which supports our goal of having 90 percent of family housing in good or fair condition starting in fiscal year 2012.

The services have relied largely on privatization to address a dual problem: traditionally, much of the military-owned family housing was in poor condition, and military families often could not find affordable rental housing in the local economy. In my view, privatization of family housing—where the services partner with the private sector to generate housing built to market standards—is the single most effective reform my office has carried out. First, it is extremely cost-effective; with an investment of only \$2.7 billion, the services have generated \$27 billion in privatized housing—a 10:1 leverage ratio. Moreover, the private owners are responsible for maintenance and operation, including necessary recapitalization, for the full 50 years of the project. Second, the housing is of high quality; most of it is more appealing to young families than what the MILCON process would produce. Finally, the private owners have a strong incentive to maintain the housing because they need to be able to attract and retain military tenants.

¹The Navy and Air Force believe they can manage this risk by prioritizing their sustainment needs. However, the recent flooding of the U.S. Strategic Command headquarters demonstrates how difficult it is to do this: the flooding was due in part to a history of insufficient preventive maintenance at what is a mission-critical facility.

FAMILY HOUSING BUDGET REQUEST, FISCAL YEAR 2012 VS. FISCAL YEAR 2011

(Dollars in millions)

| | Fiscal year 2011 request | Fiscal year 2012 request | Change from fiscal year 2011 | |
|--|-----------------------------|-----------------------------|------------------------------|------------|
| | | | Funding | Percentage |
| Family Housing Construction/Improvements | \$356.8 | \$373.7 | \$16.9 | + 5 |
| Family Housing Operations & Maintenance | 1,448.7 | 1,318.2 | - 130.5 | - 9 |
| Family Housing Improvement Fund | 1.1 | 2.2 | + 1.1 | + 100 |
| Homeowners Assistance Program | 16.5 | 1.3 | - 15.2 | - 92 |
| Total | 1,823.1 | 1,695.4 | - 127.7 | - 7 |

For Government-owned family housing, the fiscal year 2012 budget requests \$374 million to replace or improve 2,412 units at U.S. bases and enduring locations overseas. We are requesting an additional \$1.3 billion to operate and maintain 42,000 units worldwide.

The Department is committed to improving housing for its unaccompanied servicemembers as well. In past years, we have made sizable investments in this area to support initiatives such as BRAC, global restationing, force structure modernization, and Homeport Ashore, a Navy program to move sailors from their ships to shore-based housing. The fiscal year 2012 budget request includes about \$1.7 billion for construction of new and replacement projects for nearly 15,000 unaccompanied servicemembers.

As the Department nears the goal it set for new construction of unaccompanied housing, we are shifting the focus to long-term sustainment of the modernized inventory. My office has worked closely with the Comptroller to establish quality standards and performance goals for sustainment of unaccompanied housing. In this year's budget process, we instituted a key performance goal: 90 percent of unaccompanied housing should be in good or fair condition by the end of fiscal year 2017.

MANAGING OUR ENERGY USE

The performance of an installation is increasingly linked to its management and use of energy. Installation, or facilities, energy is important for two reasons. First, it represents a significant cost. In 2010, DOD spent \$4 billion, or 26 percent of the Department's energy bill, on facilities energy. Second, facilities energy is key to mission assurance. According to the Defense Science Board, DOD's reliance on a fragile grid to deliver electricity to its bases places critical missions at risk.² Most installations cannot manage their demand for and supply of power and are thus vulnerable to intermittent and/or prolonged power disruption due to natural and manmade disasters.

The Department has three interrelated goals with respect to facilities energy:

- Reduce energy usage and intensity;
- Increase renewable and onsite (distributed) energy generation; and
- Improve energy security.

Our strategy directly reflects those goals. First, and most important, we are reducing the demand for traditional energy through conservation and energy efficiency. The Department spends almost \$18 billion a year to sustain, restore, and modernize our existing facilities. As part of this process, we are retrofitting our buildings with energy efficient components and systems, such as improved lighting, high-efficiency HVAC systems, double-pane windows, energy management control systems and new roofs. As well as relying on their own budgets, the services are using third-party financing, such as energy savings performance contracts, to pursue facility sustainment and recapitalization projects.

In addition to retrofitting existing buildings, we are taking advantage of new construction to incorporate more energy-efficient designs, material, and equipment into our inventory. All new construction must meet the Leadership in Energy and Environmental Design (LEED) Silver standard and/or the five principles of high-performance sustainable buildings. In either case, new construction must exceed the energy efficiency standard set by the American Society of Heating, Refrigerating and Air-Conditioning Engineers by at least 30 percent.

Second, the Department is increasing the supply of renewable and alternative energy on our installations. Our installations are well situated to support solar, wind,

²“More Fight—Less Fuel,” Report of the Defense Science Board Task Force on DOD Energy Strategy, February 2008.

geothermal, and other forms of renewable energy. The geothermal plant at Naval Weapons Center China Lake in California provides 270 MWs of power to the State's electrical grid—enough to supply a small city; and Nellis Air Force Base in Nevada has the second largest solar array in North America. Although opportunities for utility-scale solar may be limited (one impediment is the lack of water), the roofs of our buildings represent a major resource. For example, in Hawaii, the 5,900 units of privatized Army family housing feature rooftop photovoltaic (PV) solar panels, making this the world's largest residential PV project. As a matter of policy, the Navy and the Marine Corps now require that all new roofs and roof replacements incorporate solar panels or some other green feature. Although the services are using their own budgets for smaller renewable projects, most large projects are privately financed.

Third, we are striving to improve the energy security of our installations, with an emphasis on the risk from potential disruptions to the commercial grid. The Department is participating in interagency discussions on the magnitude of the threat to the grid and how best to mitigate it. Closer to home, we are looking at how to ensure that we have the energy needed to maintain critical operations in the face of a major disruption. As required by the National Defense Authorization Act (NDAA), the Department recently gave the Congress a preliminary plan for identifying and addressing areas in which electricity needed to carry out critical military missions on DOD installations is vulnerable to disruption. The development of renewable and alternative energy sources on base will be one element of this effort: in combination with other investments such as smart microgrid technology, renewable and onsite energy sources can help installations carry out mission-critical activities and support restoration of the grid in the event of disruption.

As DOD strives to improve its energy efficiency and security, accurate, real-time information about energy use is essential. To borrow the oft-used phrase, you can't manage what you can't measure. My office is developing policy guidance that will require the services to meter a larger share of their energy consumption. We are also leading the effort to develop a DOD-wide energy information management system. Leading firms such as Wal-Mart have such a system, and so should DOD. Toward that end, we have defined a standard set of energy information management requirements and are assessing which information management technologies (future and current) will best support them.

Although the Department is steadily improving its installation energy performance, we have failed to meet key statutory and regulatory goals for the last 2 years. We fell well short of the 2010 goal for energy intensity (15-percent reduction relative to 2003) largely because of the Army's performance. On another key metric, use of renewable energy, while we are on track to meet the NDAA target (produce/procure 25 percent of electricity from renewable sources by 2025), we missed the Energy Policy Act target (7.5-percent renewable use by 2013). (The key reason for that disparity is that the NDAA criteria allow for inclusion of China Lake, DOD's largest source of renewable energy, whereas the EPACT criteria do not.) See the appendix for more detail.

Fiscal Year 2012 Budget Request

Let me highlight two programs in our fiscal year 2012 budget request that are particularly important to the Department's energy strategy—the Installation Energy Test Bed and the Energy Conservation Investment Program (ECIP).

Installation Energy Test Bed

We are requesting \$30 million in fiscal year 2012 for energy technology demonstrations by the Environmental Security Technology Certification Program (ESTCP).³ ESTCP began these demonstrations—known as our Installation Energy Test Bed—as a \$20 million pilot effort in 2009. Seeing the value of these demonstrations, in 2010, the Department directed \$30 million from ECIP, a flexible MILCON line, to ESTCP to continue the test bed. This year, we are seeking to fund the test bed as the research, development, test and evaluation activity it is. It is a high leverage program that we believe will produce major savings.

The purpose of the test bed is to demonstrate new energy technologies in a real-world, integrated building environment so as to reduce risk, overcome barriers to deployment, and facilitate wide-scale commercialization. The rationale is straightforward. Emerging technologies offer a way to cost effectively reduce DOD's facility energy demand by a dramatic amount (50 percent in existing buildings and 70 per-

³As discussed in section IV below, we are also requesting \$33.6 million for ESTCP for environmental technology demonstrations. These two demonstration programs appear as separate lines under ESTCP in the President's fiscal year 2012 budget request.

cent in new construction) and provide distributed generation to improve energy security. Absent outside validation, however, these new technologies will not be widely deployed in time for us to meet our energy requirements. There is an extensive literature on the impediments to commercialization of emerging technologies for the building energy market. Among other problems, the first user bears significant costs but gets the same return as followers. These barriers are particularly problematic for new technologies intended to improve energy efficiency in the retrofit market, which is where DOD has the greatest interest.

It is in DOD's direct self-interest to help firms overcome the barriers to deployment and commercialization of their technology. We have a vast inventory of buildings—nearly 300,000 structures and 2.2 billion square feet of space—3 times the footprint of Wal-Mart and 10 times that of the General Services Administration. Given what we spend to power our facilities (\$4 billion a year), the potential cost-savings are significant.

One indication of the value of this approach is that Wal-Mart, the largest private-sector energy consumer in the United States, has its own test bed. Wal-Mart systematically tests innovative energy technologies at designated stores to assess their performance and cost effectiveness. For technologies that prove to be cost effective (not all of them do, which is itself a valuable finding), Wal-Mart deploys them in all of its stores. This approach has helped Wal-Mart dramatically reduce its energy consumption. But whereas Wal-Mart's focus is narrow because all of its stores are identical (big-box design), the military needs solutions for a diverse mix of building types and sizes—everything from barracks and office buildings to aircraft repair depots and data centers.

ESTCP has successfully piloted the test bed over the last 2 years.⁴ Each year, ESTCP has issued a solicitation inviting private firms, universities, and Government labs to identify emerging technologies that would meet DOD installation needs. The response has been huge—in 2010, ESTCP received more than 300 proposals from leading corporations in the building energy sector, small startups with venture capital funding and the major Department of Energy (DOE) labs. Teams made up of technical experts from inside and outside of DOD and service representatives familiar with the installations' needs review the proposals, and winning proposals (ESTCP has selected about 15 percent of the ones submitted) are matched up with a service and an installation at which to demonstrate the technology. ESTCP expects some of the projects to begin to show results this year.

The test bed has five focus areas:

- Advanced components to improve building energy efficiency;
- Advanced building energy management and control;
- Smart microgrid and energy storage to improve energy security;
- Tools and processes for design, assessment, and decisionmaking for energy use and management; and
- Renewable energy generation on DOD installations.

The test bed requires no new physical infrastructure; rather, it operates as a distributed activity whose key element is the systematic evaluation of new technologies, both to determine their performance, readiness and lifecycle costs, and to provide guidance and design information for future deployment across installations.

The timing for an energy test bed is ideal—one reason the response from industry has been so strong. The Federal Government is investing significant resources in building energy research and development (R&D), largely through the DOE, and the private sector is making even larger investments as evidenced by the growth of venture capital backing for "cleantech." As a structured demonstration program linked to the large DOD market, the ESTCP test bed can leverage these resources for the military's benefit.

Energy Conservation Investment Program

The second key program to highlight is the Energy Conservation Investment Program (ECIP). The fiscal year 2012 budget requests \$135 million for ECIP, a \$15 million increase compared to our fiscal year 2011 request. ECIP has a long history of producing savings for the services, and we are reorienting the program to give it even greater leverage.

ECIP traditionally has funded small projects that promise a significant payback in reduced energy costs, and the services have relied heavily on it to achieve their energy goals. Although ECIP has enjoyed strong support in the Congress and else-

⁴The approach is similar to one that ESTCP has used since 1995 to demonstrate innovative environmental technologies on DOD sites and in doing so help them transition to the commercial market. As discussed in section IV below, ESTCP has a strong track record of reducing DOD's environmental costs.

where, it is and will remain a relatively small program. Thus, it can achieve only a fraction of the Department's energy goals. Moreover, the services are establishing and funding their own, much larger programs aimed at improving their energy performance.

In keeping with the Department's growing focus on energy, I recently issued policy guidance designed to change the role that ECIP will play—from one of funding the services' routine energy projects to one of leveraging their now-larger investments in ways that will produce "game-changing" improvements in energy consumption, costs and/or security. To illustrate, ECIP projects should have the following types of goals:

- Dramatically change energy consumption at an individual installation, e.g., by fundamentally improving the performance of the power or steam plant;
- Implement across multiple installations a technology validated in a demonstration program sponsored by DOD (e.g., the installation energy test bed) or DOE;
- Integrate technologies designed to achieve different goals (e.g., energy efficiency and energy security) to realize synergistic benefits;
- Integrate distributed generation and storage technologies to improve supply resiliency for critical loads; and
- Implement energy security or net-zero energy installation plans, especially at those installations where such investments leverage partnerships with DOE.

In terms of implementation, this new vision for ECIP means that my office will no longer use financial payback as the sole criterion for judging the merits of potential projects. In evaluating a candidate project, we will now give as much weight to its energy impact (reduction in BTUs) as to its financial payback, and we will give secondary consideration to the impact of the project on the nominating installation's energy security.

As this change reflects, ECIP is now part of a portfolio approach in which the services can pursue the most financially attractive energy projects via third-party financing, such as an energy savings performance contract, or through their own budgets. ECIP will support projects that will have a big impact on the services' energy efficiency and energy security but that cannot be justified under their internal funding strategies.

PROTECTING THE NATURAL ENVIRONMENT

The Department has long made it a priority to protect our natural and cultural resources: as the Marine Corps puts it, "A country worth fighting for is a country worth preserving." The Department protects the environment on our installations, not only to preserve irreplaceable resources for future generations, but to ensure that we have the land, water, and airspace we need for military readiness. Over the last 10 years, the Department has invested \$42 billion in its environmental programs, and our steady level of expenditure has produced quality results. In fiscal year 2012, we are requesting \$4.3 billion to continue this legacy of leadership.

ENVIRONMENTAL PROGRAM BUDGET REQUEST, FISCAL YEAR 2012 VS. FISCAL YEAR 2011

[Dollars in millions]

| | Fiscal year 2011 request | Fiscal year 2012 request | Change from fiscal year 2011 | |
|----------------------------------|--------------------------|--------------------------|------------------------------|-------------|
| | | | Funding | Percentage |
| Environmental Restoration | \$1,539 | \$1,467 | -\$72 | -4.7 |
| Environmental Compliance | 1,570 | 1,551 | -19 | -1.2 |
| Environmental Conservation | 320 | 380 | +60 | +18.8 |
| Pollution Prevention | 117 | 104 | -13 | -11.1 |
| Environmental Technology | 216 | 227 | +11 | +5.1 |
| BRAC Environmental | 445 | 521 | +76 | +17.1 |
| Total | 4,207 | 4,250 | +43 | +1.0 |

Environmental Conservation

Our installations are home to some of the finest examples of rare native vegetative communities, such as old-growth forests, tall grass prairies, and vernal pool wetlands. DOD has a greater density of endangered and threatened species than any other Federal agency. Of the 1,372 species considered threatened or endangered by the Fish and Wildlife Service (FWS), more than 420 inhabit DOD land. Nearly 40 threatened and endangered species are found exclusively on DOD installations. The Department develops plans to protect the natural environment while maintain-

ing support for mission requirements in coordination with the FWS and its State counterparts. These plans have helped us maintain flexibility for mission activities, avoiding critical habitat designations while providing equal or greater protection for endangered species.

In addition to natural resources, the Department is responsible for thousands of archaeological sites, historic buildings, and other cultural resources. DOD owns or manages the Nation's largest inventory of Federal historic properties and continues to use many of these historic properties to meet mission requirements. Using these properties reduces DOD's environmental footprint and retains significant cultural resources for future generations. In addition, many older buildings have features that we consider to be "green" today, such as high ceilings to encourage air circulation, large windows to provide maximum natural light and operational shutters to reduce heat gain.

The Department is requesting \$380 million in fiscal year 2012 for environmental conservation, which includes \$226 million in recurring funds for ongoing activities and \$154 million in nonrecurring funds for one-time projects directed at threatened and endangered species, wetland protection, or other natural, cultural, and historical resources. This represents an increase of 18.8 percent over the fiscal year 2011 request. Specifically, the Navy has increased its request to meet legal requirements of conservation laws and regulations, primarily in support of offshore range environmental impact statements and consultations under the Marine Mammal Protection Act and the Endangered Species Act. The Army has increased its request as well to more accurately reflect program requirements.

Environmental Restoration

The Defense Environmental Restoration Program provides funds for two types of environmental cleanup. The Installation Restoration Program (IRP) manages the cleanup of hazardous substances, pollutants, and contaminants—things that cause human health concerns. The Military Munitions Response Program (MMRP) manages the cleanup of unexploded ordnance and discarded military munitions—things that may explode. The cleanup occurs at three types of locations:

- Active military bases;
- Bases closed through the BRAC process; and
- Other formerly used defense sites.

By the end of 2010, the Department, in cooperation with State agencies and the Environmental Protection Agency, had completed cleanup activities on 79 percent of IRP sites, and it is now monitoring the results. For MMRP sites, the comparable figure is 40 percent. The Department determines the order of cleanup for both IRP and MMRP sites on the basis of risk. By cleaning up the "worst first," we reduce our long-term liability and expedite the return of properties to productive reuse.

We are requesting \$2 billion for fiscal year 2012 to clean up IRP and MMRP sites. (This includes both \$1.5 billion for environmental restoration and \$521 million for BRAC environmental.) The budget request for environmental restoration is \$72 million less than it was in fiscal year 2011, primarily because of a reduction in the Army's MMRP requirement. At the same time, we are asking for \$76 million more than in fiscal year 2011 for BRAC environmental to support requirements at Army and Navy BRAC installations.

Pollution Prevention

The Department employs a number of strategies to reduce pollution of our air, water, and land. They include eliminating the use of certain hazardous materials in our operations and weapon systems, promoting the use of alternative fuels and green products, and implementing innovative technologies. These and other strategies lower our lifecycle costs, improve mission capabilities, and protect our assets.

Investments in pollution prevention pay dividends. In 2010, the Department diverted 3.9 million tons or 62 percent of our solid waste from landfills, avoiding approximately \$176 million in landfill disposal costs. We reduced hazardous waste disposal by 8 percent from 2008 to 2009. Our installations also effectively manage air quality; they reduced hazardous air pollutant emissions by 420 tons, or 25 percent, from 2008–2009.

The President's budget requests \$104 million for pollution prevention in fiscal year 2012, a reduction of \$13 million from our fiscal year 2011 request. This decrease reflects the growing maturity of the pollution prevention program—having completed activities that require significant investment to reduce pollution after the fact, the Department is now focusing on the more cost-effective strategy of preventing pollution in the first place, for example, by influencing the planning and design of weapons systems.

Environmental Compliance

Clean water and air are essential to the health and well-being of our communities and ecosystems. The Department maintains a high level of compliance with environmental laws and regulations—although environmental regulators performed more than 3,000 inspections in fiscal year 2010—a 30-plus-percent increase from 10 years ago—DOD was subject to enforcement actions for only 9 percent of these inspections, which is an all-time low.

Our fiscal year 2012 budget requests \$1.6 billion for environmental compliance—a negligible (\$19 million) decrease from last year's request. This steady level of investment will enable the Department to continue to protect the environment while maintaining operational readiness.

Environmental Technology

A key part of DOD's approach to meeting its environmental obligations and improving its performance is its pursuit of advances in science and technology. The Department has a long record of success when it comes to developing innovative environmental technologies and getting them transferred out of the laboratory and into actual use—on our installations, in our depots and in the very weapon systems we acquire.

To accomplish this, the Department relies on two closely linked programs—the Strategic Environmental Research and Development Program (SERDP) and the Environmental Security Technology Certification Program (ESTCP). SERDP is the Department's environmental science and technology program; its mission is to address high-priority cross-service environmental requirements and develop solutions to the Department's most critical environmental challenges. Through a competitive process, it invests in applied research and advanced technology development guided by DOD users needs but executed by the leading research establishments in both the private and public sectors. It has a balanced portfolio of projects ranging from high risk leap-ahead technologies to fundamental engineering needed to solve critical near term problems. SERDP has a superb track record; as one of the only R&D programs aimed at reducing DOD operating costs, it has saved the Department billions of dollars in environmental cleanup costs, avoided liability costs, and reduced weapons system maintenance and lifecycle costs.

One reason SERDP has been so successful is the complementary role played by ESTCP, the Department's environmental test and evaluation program. SERDP and ESTCP are managed out of a single program office. ESTCP's mission is to transition technology out of the laboratory. It does this by demonstrating the technology in a real-world setting, such as a clean-up site on a military installation or at an aircraft maintenance depot. This "direct technology insertion" has proven key to getting regulators and end users to embrace new technology.

One area where SERDP and ESTCP have excelled is the development of technologies to detect unexploded ordnance (UXO). Current clean-up methods cannot discriminate between scrap metal and hazardous UXO; as a result, contractors must dig up hundreds of thousands of metal objects in order to identify and remove just a few pieces of UXO. Because this process is so labor-intensive, it is very expensive; the estimated cost to clean up UXO on known DOD sites is an eye-popping \$17 billion. However, 10 years of investment by SERDP and ESTCP have yielded technologies that can discriminate between UXO and harmless metal objects with almost perfect reliability. This is a remarkable achievement and one that many clean-up experts thought was impossible. Based on estimates from the 2003 Defense Science Board Task Force on Unexploded Ordnance, implementation of reliable discrimination technologies can reduce DOD's projected cost for UXO cleanup by 75 percent—or up to \$12 billion.

ESTCP has recently funded live-site demonstrations to acquire the data needed to validate, gain regulatory approval for and fully transition these technologies into the field. We are proposing to accelerate these demonstrations so that the technology is ready by 2015, when the services undertake major UXO clean-up efforts. Recognizing that the challenges go beyond technology, we are addressing other potential impediments to the deployment of new technology. We are talking with environmental regulators to gain their endorsement, working with contracting offices so that contracts allow for early adoption, and cooperating with industry to encourage embrace of the new technology.

The fiscal year 2012 budget request includes \$66.4 million for SERDP and \$33.6 million for ESTCP for environmental technology demonstrations. (The budget request for ESTCP includes an additional \$30 million for energy technology demonstrations, as discussed in section III above.) Of the \$33.6 million requested for ESTCP, \$7.5 million will go to support the accelerated program of UXO live-site demonstrations.

The overall budget request for environmental technology for fiscal year 2012 is \$227 million. In addition to SERDP and ESTCP, this request includes funding for the services' environmental R&D activities. The services' investments focus on service-unique environmental technology requirements and complement the larger SERDP and ESTCP investments, which address those issues that are common across the services. SERDP and ESTCP work closely with the services in order to coordinate and leverage these investments.

Compatible Development

Encroachment is a growing challenge to the military mission, particularly our test and training activities. I want to highlight two efforts which I spearhead that are designed to deal with this challenge.

Readiness and Environmental Protection Initiative

DOD's ability to conduct realistic live-fire training and weapons system testing is vital to preparing troops and the equipment they use for real-world combat. Sprawl, incompatible land use and other forms of encroachment put the Department's training and testing missions at risk and reduce military readiness. For example, lights from developments near installations reduce the effectiveness of night vision training, and land development that destroys endangered species habitat pushes those species onto less developed military lands, resulting in restrictions on testing and training.

A key tool for combating encroachment is the Readiness and Environmental Protection Initiative (REPI). Under REPI, the Department partners with conservation organizations and State and local governments to preserve buffer land around our installations and ranges. Through its unique cost-sharing partnerships, REPI has directly leveraged the Department's investments by two-to-one. The indirect benefits are even greater; by helping to preserve buffer land, the Department avoids much more costly alternatives, such as training workarounds and investments to replace existing testing capability. In the current real estate market, where property is more affordable and there are a great many willing sellers, REPI is a particularly good investment.

The President's fiscal year 2012 budget requests \$54.2 million for REPI, an increase of \$15 million over our fiscal year 2011 request.

Renewable Energy Siting

Although most renewable energy projects are perfectly compatible with the military mission, in some cases, they can create a conflict. Until recently, the process through which DOD reviewed proposed projects and handled disputes was opaque, time-consuming, and ad hoc, and the resulting delays were costly for industry and for our partners elsewhere in governments. Spurred in part by section 358 of the fiscal year 2011 NDAA, we have moved aggressively to develop a timely, transparent review process and to pursue technological fixes that allow for compatible energy siting.

We have made rapid progress. Even before the President signed the NDAA into law, we had created the DOD Energy Siting Clearinghouse to provide a "one-stop shop" within the Department for developers and other Government agencies. The Clearinghouse has conducted aggressive outreach to industry, other Federal agencies, environmental advocacy groups, and State and local governments. Among other things, the Clearinghouse hosted a conference with key interagency stakeholders to analyze the backlog of renewable energy projects filed with the Federal Aviation Administration and the Department of the Interior's Bureau of Land Management, focusing on protecting critical military mission requirements as we promote energy independence. We are also engaged in Department of the Interior's efforts to open public lands and the Outer Continental Shelf to renewable energy generation—ensuring that we do this in a way that preserves military testing, training, and homeland defense capabilities.

At the same time, the Clearinghouse has worked with interagency partners on R&D to promote mission compatible renewable energy, with an emphasis on technology to mitigate the impacts of wind turbines on radars. DOE has been an enthusiastic collaborator, and we are planning to host an interagency field evaluation of existing mitigation technologies in the near future. Through the Interagency Policy Committee on the Air Domain, we are looking at options to accelerate the process for upgrading older surveillance radars and set the stage for long-term solutions.

Renewable energy is vital to America's future security and economic vitality and it need not be incompatible with the preservation of the Department's irreplaceable test and training ranges and its radar-based surveillance network. We are making great strides in learning how to minimize the impacts of renewable energy projects

on vital military missions. This effort will help give our Nation a clean, reliable, and secure energy future.

CONCLUSION

My office takes seriously our mission to strengthen DOD's infrastructure backbone—the installations that serve to train, deploy, and support our warfighters. Thank you for your strong support for the Department's installation and environment programs and for its military mission more broadly. I look forward to working with you on the challenges and opportunities ahead.

APPENDIX

KEY FACILITIES ENERGY AND WATER GOALS

There are four key statutory and regulatory goals related to installation's consumption of energy and water:

- Reduce energy intensity (BTUs per square foot) by 3 percent per year, or 30 percent overall, by 2015 from the 2003 baseline (Energy Independence and Security of 2007). Under DOD's high-priority performance goals, the interim target is a 21-percent reduction by the end of 2012.
- Increase use of renewable energy to 7.5 percent in 2013 and beyond (Energy Policy Act of 2005 (EPACT)); and produce or procure 25 percent of electricity consumed from all renewable sources by the end of 2025 (National Defense Authorization Act of 2007 (NDAA)). Under DOD's high-priority performance goals, the interim NDAA target is 12 percent by 2012.
- Reduce consumption of petroleum (gasoline and diesel) by nontactical vehicles by 30 percent by 2020 (Executive Order 13514, October 2009).
- Reduce potable water consumption intensity by 2 percent per year, or 16 percent overall, by 2015 from the 2007 baseline (Executive Order 13514, October 2009).

DOD reduced its energy intensity by only 11.2 percent from 2005–2010, compared to the goal of 15 percent. A key factor has been the demands on the Army related both to the movement of troops and equipment to and from Afghanistan and Iraq and to the completion of the BRAC process (as Army closes some facilities and moves to others, the lights are on in two locations).

DOD increased its consumption of renewable energy by 4.1 percent, compared to the 2010 EPACT target of 5 percent. By contrast, we met the fiscal year 2007 NDAA goal (produce or procure 25 percent of electricity consumed from all renewable sources) by achieving 10.4 percent compared to the target of 10 percent.

With respect to consumption of petroleum by nontactical vehicles, the Department fell short of the target—DOD achieved a 6.6-percent reduction in its petroleum use from the 2005 baseline, compared to the target of 10 percent. The Department continues to pursue replacement of nontactical fleet vehicles with more efficient models, alternative fuel vehicles, and hybrid electric vehicles to decrease petroleum fuel demand.

Finally, the Department far exceeded the 2010 goal for reducing the intensity of our potable water consumption. DOD reduced its potable water consumption intensity by 13 percent from 2007–2010, compared to the goal of 6 percent. From 2007–2009, we reduced the water consumption intensity of our facilities by 4.6 percent. This dramatic improvement is due to the combination of an aggressive program to detect leaks followed up by a program to repair them.

Senator JOHNSON. Thank you for your opening statements.

We will limit the first round of questions to 6 minutes per member. We can have additional rounds should we need them.

Senators will be recognized in their order of their arrival.

Secretary Hale, before we turn to the fiscal year 2012 budget request, I would like to talk to you about the fiscal year 2011. We're facing a Government shutdown in less than 36 hours if an agreement cannot be reached on a long-term continuing resolution.

I have several questions, including: What impact would a shutdown have on military personnel, on operations and military bases, both here and overseas? Will our troops be paid? What impact would a shutdown have on the Guard and Reserve?

GOVERNMENT SHUTDOWN

Mr. HALE. Well, Mr. Chairman, the answers to all of your questions are negative, unfortunately. I managed through the shutdown in 1995 as the Air Force Financial Manager. I see no good that came of it. I think the same would be true here. I very much hope this does not happen.

But, let me try to be more specific. If appropriations lapse on midnight on April 8, we go into a situation where we're governed not by the priorities of the Congress or the administration—by a very specific set of laws and exceptions to the Antideficiency Act. Essentially, we can maintain services that maintain the safety of life, and protection of property. That will allow us to carry on most of the military operations—Afghanistan, transition in Iraq, Libya, and the Japanese operation all could continue. So, we could continue the key areas related to national security.

But many support operations would have to be terminated. We would direct all of our military personnel to continue working. A substantial proportion of our civilian personnel, though, would have to be put on no-notice nonpay furlough status. We don't have any authority, once appropriations lapse, to disperse funds—or, very limited authority. So, we couldn't pay any of our people—military or civilian—for any work, after the shutdown occurred. So, to give you an example—a specific one: For the April 15 payday, which is the next one coming up, the pay period for the military is the 1st through the 15th, so we could only pay through the 8th. It'll be roughly one-half a payday for military personnel if we shut down on the 8th and it continues through the 15th. These people have kids to feed and mortgages, just like we all do. I think it will be a serious problem. But we have no alternative. These are prescribed by the law.

The civilians—actually, the pay period is through April 9. So, that first payday will be pretty much complete for most civilians, just because of the nature of the pay period. So, it is disruptive. It's harsh and unfair to our people. I hope this does not happen. I've devoted most of my week to shutdown planning, and I've never had a stronger feeling that I'm likely to have wasted a week of my life, than in this case. I very much hope this doesn't happen.

Senator JOHNSON. Would a shutdown affect work on any MILCON projects or essential services such as DOD schools, clinics, or daycare or youth centers?

Mr. HALE. Yes. We will keep some of them open. Much of the MILCON projects are done by contractors, and if that contract is funded, and if there are Federal civilians who are in what's called "excepted activities" that can supervise it, that work could go on. We would maintain the childcare centers as a readiness issue. We would maintain emergency medical services—that's a safety of life issue. But we would have to defer any elective surgery for dental or medical, so it's going to be disruptive in that sense.

The routine activities at the bases would stop. The military personnel would be there, but many of the civilians are going to be furloughed, and so a lot of the routine activities at our bases would come to a halt.

Senator JOHNSON. Secretary Hale, in the past, DOD has maintained that the Guam rebasing effort is contingent on Japan making tangible progress to relocate some marines within Okinawa. The Department has defined tangible progress as the signing of a landfill agreement by the Governor of Okinawa to build a new airfield for the marines.

Has this definition changed? Is a landfill agreement still the benchmark? Or is the configuration of the airfield the new standard?

GUAM

Mr. HALE. Well, I think we need an overall plan and a cost estimate. And I understand—I'm going to ask Dr. Robyn, Dorothy, if she would add more detail here—but I think some of those benchmarks continue. And I think we all recognize and hope that, coming out of the two-plus-two talks and other efforts, that we will get a clear view of where we're heading on Guam.

Do you want to say more on that?

Dr. ROBYN. Well, I think one of my colleagues from policy testified last week on this, and I would prefer to let the policy part of DOD answer this.

I think you're exactly right—signing the landfill agreement has traditionally been seen as the thing that we would look for before we would move troops to Guam. I think—my colleague stressed that there is a continuum of actions on the part of the Japanese Government, including investment, that can constitute tangible progress. We are not backing away, and I think my colleague made that clear. But we can't move troops off of Okinawa to Guam unless we're absolutely sure that we will get the Futenma replacement facility. That issue brought down the former Prime Minister of Japan. It's a controversial issue. And so, we have to have a clear commitment.

Senator JOHNSON. When do we think the Governor of Okinawa will sign the landfill agreement?

Dr. ROBYN. I think we will know more later. Senator Kirk referred to the two-plus-two meeting with Secretary Gates, Secretary Clinton and their Japanese counterparts, later this month.

Senator JOHNSON. Senator Kirk.

Senator KIRK. Thank you.

I want to pick up where the chairman left off with regard to Guam. I'm worried that you guys would be pushed into trying to sell us an agreement that was tangential progress instead of, you know—the question in these budget times is, are we going to build the base or not?

Mr. HALE. Right.

Senator KIRK. It increasingly looks like we're not. And with the cash flow problems of the Japanese Government, I would have a pretty dim view of how this thing is going to go, because they have an astronomical money requirement, because 19 miles around a key part of their territory is now useless for quite some time.

I'm wondering, Bob, you know, I worked very much with your predecessors, Dov and Tina, and so I know you know the answer—what's Libya costing us per day, per week?

LIBYA

Mr. HALE. Well, let's see. If I remember the numbers we sent to the Congress yesterday, it was, the total cost is \$608 million. The weekly costs are confusing over this period, because there was such a high cost at the beginning. We have estimated that if the operations continue at roughly the planned level, it will be about \$40 million a month, so I guess it'd be about \$10 million a week.

Senator KIRK. About \$10 million a week?

Mr. HALE. I would underscore the uncertainty in that estimate, given that we're not sure exactly—

Senator KIRK. Well, you've got a little lower operating tempo, because you took U.S. combat aircraft off the mix in it.

Mr. HALE. Right. And the \$40 million assumes the planned reduction which is going on right now in our operating tempo.

Senator KIRK. Right. I notice that you just sent up a notification to the subcommittee to cancel \$123 million for Kandahar Airfield, which is the center of gravity of the largest military effort for the United States. Is that what we're going to see further as Libya kind of eats our budget?

Mr. HALE. I don't think they're related, but I think I need to take that for the record. I'm not sure of the details.

Have we got any on that?

Okay. I think I need to get back to you with that one.

[The information follows:]

The cancellation of the Kandahar Airfield construction projects is not related to Operation Unified Response. As stated in the Department of the Air Force notification letters dated April 4, 2011, the cancellation was due to a comprehensive and rigorous evaluation of all planned, but unawarded, major construction projects in Afghanistan. The evaluation, necessitated by changing strategic requirements on the ground, concluded that the limited operational benefit does not warrant this substantial investment. Thus, these projects are being removed from the list of fiscal years 2010–2012 overseas contingency operations construction requirements.

Generally, Libya costs are incurred in the operation and maintenance (O&M) appropriation. The Department has no authority to reprogram from the military construction appropriation to the O&M appropriation.

Senator KIRK. Yes. On Guam, can you guys update this after the 29th? This would be—

Dr. ROBYN. Yes. We are.

Senator KIRK. My guess is, we roll to markup around July. And so—

Dr. ROBYN. Yes.

Senator KIRK [continuing]. This would be enormously helpful.

Mr. HALE. We understand we owe you better information.

Dr. ROBYN. Yes.

Mr. HALE. We owe ourselves better information, too, I mean.

Senator KIRK. Yes. And we have a policy maker set of meetings on the 29th, and then—

Dr. ROBYN. Yes.

Senator KIRK [continuing]. Some visibility on that.

Dr. ROBYN. Senator Kirk, could I just, in, make one point in response to your—very, very legitimate, too—question, whether the Japanese Government is going to be able to continue to focus on this issue as they did before. But, it's worth noting that over the weekend the Japanese Diet passed by a majority—both parties—the Special Measures Agreement, which is what specifies how

much they will contribute toward the stationing costs for U.S. forces. That Special Measures Agreement, along with the facilities improvement program, represent Japan's host government, host nation support to United States forces. It's a substantial amount. It's \$1.8 billion a year.

Senator KIRK. Right.

Dr. ROBYN. So, at least in that respect, they are trying hard to send a message that "We're not backing off. We are full speed ahead on the United States-Japan alliance."

Senator KIRK. I just—just make sure that it's not tangential progress. We're either going to build a runway across a bay, or we're not.

Dr. ROBYN. Right.

KOREA TOUR NORM

Senator KIRK. And that obviously affects the bill that the chairman has to put together, and the rest of the Senate.

For Korea, full norm, phase 1, phase 2, phase 3 costs how much?

Mr. HALE. We only have an estimate for phase 1. It was nominal. We do not yet have estimates for phases 2 and 3. We are working on that actively as part of the President's budget 2013 review.

You raised some questions that need to be answered as well about the risks involved there. There are some benefits, too. As you know, they, I think you met with General Sharp.

Senator KIRK. Right.

Mr. HALE. He feels strongly on this issue. But we don't have a cost estimate yet.

Senator KIRK. The worry is, phase 1 is the camel's nose under the tent, and then you sock it to us on phase 2 and 3, which, this, you know, this bill is going down so fast in, money-wise. How the, you know, and I notice, and the Secretary, when he signed off on this, he signed the memo and it said that, "I am signing off on this, but I'm not telling you when or how much we're going to do any of this," which is about as weak as you can get. Yeah. Here it is. So, it was to the question, September 23, 2010, "SECDEF directed USFK and service to proceed with a full TN for Korea, as affordable, but not according to any specific timeline." That's about as weak as you can get. And we might be able to say, yeah, we'd like to do this, but not according to any appropriations timeline either.

Mr. HALE. As I say, we are looking at this. We haven't made a request in the fiscal year 2012 request. I'm not going to be able to answer your question, because we haven't decided what to do—

Senator KIRK. Right.

Mr. HALE [continuing]. About tour normalization. We understand it's potentially expensive. There are potential benefits. We've got to weigh the two—

Senator KIRK. Yes.

Mr. HALE [continuing]. In the context of our fiscal realities.

Senator KIRK. Here's my worry. We defended Korea for 50 years—

Mr. HALE. Right.

Senator KIRK [continuing]. Unaccompanied tours. And while everybody would like to be accompanied, as the United States borrows 40 cents of every \$1 and we have sovereign debt crises in Por-

tugal, Argentina, Ireland, and potentially Illinois, the question is—

Last question—plan B for Bahrain? You know, because these countries are flipping on a moment's notice. How are we rolling on thinking about where else we could put MILCON to support the Fifth Fleet if Bahrain goes—

Mr. HALE. Well, I don't have a clear plan B. I mean, it's a pretty fluid situation over there. We are obviously looking at our investments, and we'll have to consider them. I'm not in a position to tell you exactly what we're going to do.

Senator KIRK. I've run out of time, Mr. Chairman.

Senator JOHNSON. Senator Landrieu.

Senator LANDRIEU. Thank you, Mr. Chairman. And I so appreciate your support of many of the priorities that I've had serving with you on this subcommittee.

I look forward, Mr. Ranking Member, to serving with you, the new senator from Illinois.

Dr. Robyn, I was very pleased with your comments, as a very strong supporter of privatizing housing for families. I've served on this subcommittee now for about 8 years, and it's been a high priority of several of us on this subcommittee. So, could you just give another minute or so about the benefits of privatized family housing? And are we going to be able to use, maybe, some of the same strategies for individual soldier barracks? And I understand the revenue streams are different. But—

Dr. ROBYN. Yes.

Senator LANDRIEU [continuing]. Is there any thought that you've given to some potential privatization for single soldiers?

Dr. ROBYN. Yes. Thank you. That's a—thank you for that question.

I worked on this issue when I was in the Clinton White House. And it was a Clinton administration initiative to push housing privatization. We faced opposition internally from the services, from a lot of members on the hill, and most of all, from the Office of Management and Budget (OMB). Frank Raines, when he was the OMB—

Senator LANDRIEU. I remember these battles. And—

Dr. ROBYN. He saw—

Senator LANDRIEU [continuing]. I'm glad to see we have won.

Dr. ROBYN [continuing]. The light. He recognized that the private sector was actually bearing risk. But, we had 200,000 inadequate units at the time. Family housing in many, many places was an embarrassment, and it was a real detriment to the quality of life for families. And that turned around. We fixed the incentive problem the day that we allowed for privatization. The private developers have an incentive to do it right initially, to maintain it. It just, it has worked very, very well.

We are experimenting with it, with barracks. There are a couple of experiments underway. My sense is that the reluctance there is more of a cultural thing—that, for example, the Marine Corps really wants to have the young marines together in a building, and they don't want the prospect of someone from the outside being part of that, which has to be part of housing privatization. You

have to tell developers, “If we can’t fill it with military people, you can bring in—”

Senator LANDRIEU. Well, I’d like you just to pursue that. And you seem a very open and innovative kind of leader. And that’s exciting.

Because, Mr. Chairman, I’ve walked through some of the barracks at Fort Polk in Louisiana, and I’m quoted in our newspaper—and I’ll say it again—In some of the barracks where we’re asking our soldiers, I would literally not want—

Dr. ROBYN. Yes.

Senator LANDRIEU [continuing]. To see pets or animals kept in some of these facilities. That’s how bad some of these single barracks are. And it’s not fair, when we’re asking these, you know, young men—some of them are all stationed—and, men and women—stationed temporarily at Fort Polk. But a lot of our soldiers, because we’re a joint training base, come in and out. So, it’s sort of the last room they stay in before they go to Afghanistan or Iraq. I know things aren’t great in Afghanistan and Iraq. But I’ve also traveled and seen some of the opportunities that our soldiers have. And it’s actually much better over there than their home base here.

Dr. ROBYN. Yes.

Senator LANDRIEU. And it’s just not fair. I’m proud that we’re making efforts on the family housing.

Now, this is a more local question. We have some reserve space. We were part of BRAC, like a lot of other communities were. We actually had the BRAC commission change their initial view relative to the, one of the facilities in New Orleans. The bottom line is we have some extra capacity at the Marine Reserve Center. So, as you’re looking for efficiencies, greening of buildings, you know, are you being mindful of places that don’t have encroachment problems, that have capacity problems, that, you know, have buildings already constructed that could absorb some, you know, additional troops or missions or operations? And would you look into the one—

Dr. ROBYN. Yes. I think that’s—

Senator LANDRIEU [continuing]. On the west bank of New Orleans?

Dr. ROBYN. That’s a great question. I know we do it sometime—and Barksdale is a an example—

Senator LANDRIEU. Yes.

Dr. ROBYN [continuing]. Of putting—but I, I’m frankly not sure we do it as exhaustively as we should.

Senator LANDRIEU. Well, I’m going to send you some, a write-up on that.

And then, finally, I’m going to send you a question, because again, it’s very—it’s parochial, but it’s important to our State. We run, I think, according to my information, one of the most scrambled alert units in the country out of Belle Chasse, Louisiana, for the southern part of the United States. Our Louisiana National Guard operates, they’ve been operating out of mold trailers, mold-infested trailers now for some time. So, I just wanted to bring that to your attention. Please put it on the list.

Dr. ROBYN. Okay.

Senator LANDRIEU. It's very important. Whether it's for homeland security or drug interdictions, or hurricanes, for that gulf coast region to have that kind of protection and reach. So, I'll follow up with a written comment.

Dr. ROBYN. Good. Thank you.

[The information was not available at press time.]

Senator LANDRIEU. And thank you, Mr. Chairman.

Senator JOHNSON. Senator Reed.

Senator REED. Mr. Chairman, Senator Hoeven just—thank you, sir.

GOVERNMENT SHUTDOWN

Thank you for your service. I just want to follow up on some of the questions that the chairman opened up with, with respect to a potential shutdown. You indicated that DOD childcare centers would be open. Would the DOD school system remain open also?

Mr. HALE. Yes. That's our plan.

Senator REED. The other aspect here, obviously, is, the civilian workforce, except for very few individuals for safety purposes, would be furloughed. They would not be entitled to any type of unemployment benefits because they still are at work? Or would they—

Mr. HALE. I've seen questions about that from OMB, and there were suggestions we need to look further into it. So I'm not sure that's true. I think it might depend on how long the furlough, or, the shutdown went on.

Senator REED. So, there is a possibility of, if they're furloughed that they would actually be entitled—

Mr. HALE. I think there's a possibility. But I don't want to speak definitely to that, because I'm not certain.

Senator REED. It's an important policy question and, it'll rapidly become an important personal question for—

Mr. HALE. I hope not. But it may.

Senator REED. I understand.

Mr. HALE. Incidentally, just to follow up, there will be a substantial number of our civilians who will be directed to work.

Senator REED. Right.

Mr. HALE. All of those who are in direct support of these so-called excepted activities. It may close to half of our civilian workforce.

Senator REED. Okay. I would suspect that's not geographically, sort of, distributed. Well, let me ask it another way. You know, there is the impact, which you're looking very closely at, within the confines of military organizations. But it's the surrounding communities, like Newport, Rhode Island; Fayetteville, North Carolina; Lawton, Oklahoma; and many, many, many others that this could be a huge impact in terms of—

Mr. HALE. Yes. I mean, it won't be, it won't depend on geography. It will depend on which of these missions are deemed excepted. And in the case of civilians, whether they are in direct support of those missions.

Senator REED. All right.

Mr. HALE. So, it'll be a limited number of financial managers, for example, that we'll keep in order to handle the funding associated with so-called excepted activities.

Senator REED. Okay.

Mr. HALE. The same with legal, acquisition. But many maintenance personnel will be laid off, or, furloughed, I should say—

Senator REED. Right.

Mr. HALE [continuing]. On unpaid status.

Senator REED. And, typically, my experience has been, those individuals would be more in local air bases, Navy bases, than in Washington, DC, or in a headquarters where the nature of the responsibilities, but—

Mr. HALE. You know, Senator Reed, it's going to vary. I'll give you an example. I oversee an audit agency. The great majority of them will end up being furloughed because that's not something we can say is safety of life. On the other hand, you know—we'll have a lot of people furloughed in the Pentagon.

Senator REED. I understand. Let me ask now, you talked about the interruption in pay. And just to be very clear, individual military personnel serving in Afghanistan will stop receiving pay as of April 8. Their pay period April 15 will be one-half a pay period. And they will not receive pay again until the Government once again—

Mr. HALE. That's correct. At the time we get an appropriation, because we're directing all them to work, we will pay them retroactively.

Senator REED. Fine.

Mr. HALE. But, they've got to pay their mortgage. And—

Senator REED. I understand.

Mr. HALE [continuing]. I will say, in 1995 credit companies were helpful here again. I don't want to make this sound good. I don't want to have it happen. But, they were willing to work with military personnel in 1995 when we went through this. If we have to do it, and please—

Senator REED. Right.

Mr. HALE [continuing]. Try not to make this happen. If we have to do it, I would hope maybe they would be forgiving this time, too. And I hope it's short if it has to happen.

Senator REED. Let me ask, in terms of overseas operations, contracting in the field for life support, mess support, et cetera, can that continue, or—

Mr. HALE. Yes. In general, if a contract is funded—and, again, what we're dealing here is a set of rather arbitrary laws. Not mission priorities.

Senator REED. Right.

Mr. HALE. But if a contract is funded, then it can continue so long as the managers deems there's a level of supervision that's available. And in the case of overseas support, say, the lawcap contracts, they would be in support of so-called excepted activities—

Senator REED. Okay.

Mr. HALE [continuing]. So even if they ran out of funds, we could reissue that contract under the Exceptions to the Antideficiency Act. So, we'll be able to continue a number of the contracts, including those that support the war in Afghanistan. It is certainly Sec-

retary Gates' desire that we not interfere with that operation, or the transition in Iraq, nor Libya, nor Japan. And we'll do everything we can to avoid it.

Senator REED. Let me ask—and this is slightly outside your line, but it impacts so dramatically on the operations of military forces—about the ability of your counterparts in Afghanistan and Iraq—the Department of State, USAID, et cetera. Do they operate, to your knowledge, under the same general rules, or—

Mr. HALE. Well, they'll operate under the same general rules—safety of life, protection of property. What I can't speak to, and I don't want to try, is—

Senator REED. Right.

Mr. HALE [continuing]. Exactly how all that will affect them. It's arcane enough in the DOD and—

Senator REED. Right.

Mr. HALE [continuing]. I call it “dancing on the head of a fiscal law pin.” I mean, I've never been as intimate with our fiscal lawyers as I have been over the last couple of weeks. So, I can't answer exactly how USAID would be affected.

Senator REED. All right. I understand. Thank you very much, Mr. Comptroller, and Doctor. Thank you for your service.

Senator JOHNSON. Senator Hoeven.

Senator HOEVEN. Thank you, Mr. Chairman. I appreciate it.

And I want to thank both Secretary Hale and Secretary Robyn for being here today, and for your work on behalf of our military.

It's amazing to think we've been at war for over a decade—more than one war. And the work they've done is, and continue to do is absolutely incredible. And the work you do to support them is incredibly appreciated, and, of course, tremendously important, not just for our country, but for freedom-loving people around the world.

I think this subject's probably been brought up, and I apologize if I'm covering some ground that you may have already covered. But, specifically, I'd like to ask you to address the “no new starts” language that's currently in the continuing resolution for fiscal year 2011, both in terms of what that means for important projects that you have, some cases ongoing, but specifically, projects where the funding is there but have not been started yet—there may even have been design work done, but those projects have not been started. So, please address it, both in terms of fiscal year 2011, but then also fiscal year 2012. Because obviously, 1 year has an impact on the next.

In my own State, you know, we have Air Force bases that building for new missions, be that bombers or remotely piloted aircraft, Global Hawk, so on and so forth, and they're facilities that you've indicated you need—and rightly so—to continue those missions. So, please, if you would, take 1 minute—

NEW STARTS

Mr. HALE. Sure.

Senator HOEVEN [continuing]. To address, both in terms of the continuing resolution fiscal year 2011, and then also fiscal year 2012.

Mr. HALE. Well, in terms of the continuing resolution, we have no authority for new starts. It's a technical definition. But in simple terms, if we haven't told the Congress about it and you haven't taken some action, it's a new start, and we can't do it. As I said in my opening statement, we have as of March 23, 140 major MILCON projects that are ready to award are in the process of awarding, that we cannot award—maintenance bays, hangers, everything; a lot of quality-of-life initiatives involved as well; \$3.1 billion worth of projects.

What worries me is we've got a contracting workforce that to some extent right now is treading water. It's understaffed to start with, and somewhat under-experienced. I don't know if they can catch up. They'll try. They're dedicated people. But I fear that we have engendered some inefficiencies from which we won't be able to recover. But we'll try. And when we get an appropriation we'll certainly move forward.

In terms of effects on fiscal year 2012, you know, it won't be good. There'll be a backlog they're trying to catch up with. They've got to do that before they get on to fiscal year 2012. But please don't take that as a reason not to give us a timely budget in fiscal year 2012, please. We need, I hope, to move back to more normal order with regard to the budget. I've dealt with budgets for more than 30 years. I've never seen a year like this, and I never want to see another one.

So, we're essentially dead in the water in MILCON and many other things. We weren't, for example, able to award the contract on January 31 for the second Virginia-class submarine. We had to cancel a Stryker Mobile Gun System contract. There are dozens of examples, whether for money reasons or new starts, that we have had to make unfortunate changes because of the continuing resolution. We need an appropriation.

Senator HOEVEN. So, what happens if that language remains in there relative to your fiscal year 2011 MILCON projects?

Mr. HALE. We can't start even the whole year. It would be a disaster. But we couldn't, I mean, we've got no—

Senator HOEVEN. So, it needs to be addressed?

Mr. HALE. Yes. Please. Right now.

Senator HOEVEN. I agree with you.

Dr. Robyn, any comments you might have in that regard?

One of those submarines is going to be the USS *North Dakota*, too, so, that's really important but—right, secretary, or, Senator Kirk? Do you agree with that?

Senator KIRK. Absolutely.

Senator HOEVEN. But you make a good point. Not only do you need the authority to move forward with these projects because of, mission-critical, but cost-savings, right? I mean, we want to enable you to realize these cost-savings. And that's a, you know, from getting this work going, and doing it in a way where you do it as cost-effectively as possible. And so we need to give you the ability to do that.

If you would address for maybe just a few minutes two things: One is housing. We see this move to go to privatization of housing. What's your sense of how that's working, not just in terms of cost—and that's very important because we need to do everything we

can, you know, to manage this debt and deficit situation and maximize our dollars, and support our incredible military—but, how's the privatization working? What's the sense from the troops? If you would, address that for just a minute.

And then, take 1 minute also to talk a little bit about the Guard. We've put a tremendous amount of wear on the Guard, so address their—not just MILCON, but, you know, their equipment and those needs as well. So, the housing privatization issue, and the Guard, if you would.

Dr. ROBYN. Housing privatization. Let me give you two numbers: \$2.7 billion and \$27 billion. The first is how much the Defense Department has put into privatized housing, and the second is how much private developers have put in. So, we have leveraged our \$2.7 billion by a factor of 10. And we have gotten beautiful housing in exchange for that, because the private developers have an incentive to build stuff that will be attractive to young families who have a choice. They have their choice to go live in town, and they want to retain those tenants, as well. So, it fixes the incentive problem. Also, it is better quality housing to start with. The problem was, the services chronically under-invested in it. They simply didn't invest in it. And so, housing privatization was a kind of a stop us before we kill again. Don't let us do this. Take this away from us, and let it be done by somebody that has the right incentives.

So, I think it's been very positive. Senator Landrieu asked whether we could do more of it with barracks, and I think we're doing that on an experimental basis. I think there are a number of other areas, the kinds of things that are done on installations lend themselves to commercial provision. In the United Kingdom all their installation services are provided by an outside contractor. I'm not necessarily pushing that. But I think the concept can be expanded beyond private housing, you know, family housing, and utilities, which is the other area.

Senator HOEVEN. Great. That's good to hear.

Dr. ROBYN. Good. I'm not, Guard—

Do you have an answer on the Guard?

Senator HOEVEN. Guard resources, they—

Dr. ROBYN. Resources.

Senator HOEVEN. You know, with all they've been doing over the last 10 years, do you have a sense that they're keeping up in terms of their needs?

GUARD AND RESERVE

Mr. HALE. I think we've learned that the Guard has always been very helpful, and continues to be—probably even more so over these last 10 years—in the ground forces than has ever been the case. I think they are clearly part of the team. There are sometimes differences between the Congress and the executive branch, frankly, on how much resources we ought to devote. But they get a careful look within our budget considerations, or deliberations. So, I think that they are reasonably resourced within the dollars that we have available.

Senator HOEVEN. Excuse me, Chairman, for going over my time here. I apologize.

Ten years, and the tempo for them has been incredible as well, so, again, very important with their mission here at home that we provide them with the support that they need, as well. So, I appreciate that.

Senator JOHNSON. Senator Pryor.

Senator PRYOR. Thank you, Mr. Chairman.

And I want to thank both our witnesses for being with us today.

Dr. Robyn, am I pronouncing that right?

Dr. ROBYN. Yes.

Senator PRYOR. Okay. I thought I was. But I wanted to make sure. Dr. Robyn, you may not remember, but last year we talked a little bit about the Pine Bluff Arsenal. And if I recall, we talked about DOD's Office of Economic Adjustment, because that arsenal used to have about 17 percent of the U.S. stockpile of chemical weapons. And all that now has gone away—all of the chemical weapons have been destroyed—and they're now dismantling the facility, described in the terms of the treaty with, it used to be the Soviet Union, now with Russia. So, they've been on budget, ahead of schedule, and they've done really well there.

And I just talked to the folks in Pine Bluff, and they've actually told me that there's been a very good working relationship with the OEA, that, I think there's a \$600,000 adjustment grant. And they're working through all the appropriate channels to try to secure an extension of that grant, because they felt like, that that facility has a lot of positive assets. So, I'm going to try to help in that process as best I can. And I'd like to ask your agency to take a look at the extension request and help if you can, and hopefully continue to build on that positive relationship there.

I don't know if it's appropriate for you or someone on your team to come down and look at the facility. I think that arsenal—maybe like some other installations around the country—but, I think that arsenal in particular is a real asset for the DOD and for our Nation. They do so many different things there—of course, they used to store the chemical weapons. But the fact that they make white phosphorus there, and they have a very diverse set of things that they do already, and a lot of potential capabilities. And I think it helps if folks from the DOD see it and realize what we could be doing there. So, at some point I'd like to work with your office or your team, and see if you all could come down.

Now, on arsenals, generally—not just on Pine Bluff—as I understand it—and I'm not sure who this should go to. This maybe more for you, Mr. Hale. On arsenals generally—and, of course, including Pine Bluff, but not exclusively Pine Bluff—acquisition officials have a responsibility for identifying requirements that can be manufactured within existing Government-owned arsenals for conducting make-or-buy analyses, and for having these requirements manufactured within Government-owned facilities when the make-or-buy analysis demonstrates that this is possible. And, as I understand it, that's based on a number of laws. And, I guess my question is general: How's the DOD doing on that? Because I look at the arsenal, and I know that DOD is very busy and is acquiring things, has a lot of needs. And I feel like we have capacity there that we're not really tapping into. Now, I don't know if that's true at the other arsenals, but what's your sense of how we're doing with that?

Dr. ROBYN. I don't. I'd like to take the question for the record. I am part of Acquisition, Technology and Logistics. And I'm always interested in how we go about procuring things. So, I don't know—

Senator PRYOR. All right.

Dr. ROBYN [continuing]. The answer.

Senator PRYOR. I think—

Mr. HALE. I mean, I can add that we do “analyses of alternatives,” they're called, for all major projects—whether they're weapons or arsenals. And they are typically done partly by our functional managers, but also participation of analysts—for example, our Cost Analysis and Program Evaluation Group, and some in my shop. And they attempt to be analytic and lay out a range of reasonable alternatives—prices and assessments of capability—and provide our managers with information to make a decision.

I think it's a good process—not always perfect, but a good one. And I'm sure it's done for the ones you're talking about. I don't know the specifics, so I'll have to defer to Dorothy and take that question for the record.

Senator PRYOR. Okay. Good. I'll look forward to hearing from both of you on that, then.

[The information follows:]

Subsection “a” of the Army Arsenal Act (10 U.S.C. 4532(a)) states that “the Secretary of the Army shall have supplies needed for the Department of the Army made in factories or arsenals owned by the United States, so far as those factories or arsenals can make those supplies on an economical basis.”

Army policy to execute this requirement is contained in Army regulation 700-90, “Army Industrial Base Process”. As provided for in that regulation, Army program executive officers (PEOs) are required to conduct Arsenal-Act make-buy price analyses for items they manage. The U.S. Army Materiel Command (USAMC) participates in PEO price analyses and USAMC also prepares these analyses for USAMC-executed items. Thus, both the managing PEO and USAMC participate in all price analyses; if there is a disagreement over the results or disagreement that an Arsenal Act analysis should be conducted for an item not previously produced at an arsenal, the matter is referred to the Assistant Secretary of the Army (Acquisition, Logistics and Technology) (ASA(AL&T)) because that office has oversight of industrial base policy.

While the Arsenal Act calls for making all needed supplies in the arsenals, it is clear that the arsenals cannot literally make all of the widely varying types of supplies the Army needs. The scope of supplies subjected to the Arsenal Act analysis is limited to those to which they are capable. Differences of opinion between PEOs and USAMC on what supplies are within arsenal capability may be similarly elevated for review by the ASA(AL&T) for resolution.

Senator PRYOR. And the other thing is, I know that you all have both, either in this setting or other settings, have talked about C-130s and the Little Rock Air Force Base, and how they do the training there, and how important the C-130s are. So, I appreciate you all recognizing that because, again, we don't make them there, but we do the training there. And the C-130J models are coming online, and during the last BRAC, the BRAC folks were actually fairly generous to Little Rock Air Force Base, to try to help them concentrate even more on that.

So, I really didn't have any other questions, Mr. Chairman. I may have a few for the record, but I want to thank our witnesses for being here today.

Dr. ROBYN. Thank you.

Senator JOHNSON. Thank you, Senator Pryor.

And thank you, Secretary Hale and Secretary Robyn, for your testimony and your service to our country. You may be excused.

DEPARTMENT OF THE NAVY

STATEMENT OF HON. JACKALYNE PFANNENSTIEL, ASSISTANT SECRETARY OF THE NAVY (ENERGY, INSTALLATIONS AND ENVIRONMENT)

ACCOMPANIED BY:

REAR ADMIRAL DAVID M. BOONE, DIRECTOR, SHORE READINESS DIVISION, OFFICE OF THE CHIEF OF NAVAL OPERATIONS, AND VICE COMMANDER (NAVY INSTALLATIONS COMMAND)
MAJOR GENERAL ROBERT R. RUARK, ASSISTANT DEPUTY COMMANDANT (INSTALLATIONS AND LOGISTICS, FACILITIES)

Senator JOHNSON. I am pleased to welcome our second panel of witnesses.

Secretary Jackalyn Pfannenstiel is Assistant Secretary of the Navy for Energy, Installation and Environment; Major General Robert R. Ruark, Assistant Deputy Commandant for Installations and Logistics; and Rear Admiral David M. Boone is Director of the Shore Readiness Division.

This year's MILCON budget for the Navy and the Marine Corps is \$2.5 billion—down \$1.4 billion from the fiscal year 2011 request. The Navy Reserve account is also down from the fiscal year 2011 request by \$35 million—a 57-percent decrease.

As I said earlier, I understand that we all must make hard choices in these difficult economic times. But I hope we are not starving our Reserve forces at a time when they are being asked to do so much for our national security.

Additionally, I'm concerned about the progress and pace of funding for the move of marines from Okinawa to Guam. It would seem that our partners in this venture, the Japanese, may have some fiscal challenges ahead relating to the earthquake and tsunami recovery. I hope to hear the Navy's opinion on the status of the Guam buildup.

Again, thank you all for coming. We look forward to your testimony.

Madam Secretary, I understand that you will give the only opening statement. Your full statement will be entered into the record, so I encourage you to summarize in order to leave more time for questions. Please proceed.

Ms. PFANNENSTIEL. Thank you, Chairman Johnson, Senator Kirk.

I'm pleased to be here with you today to provide an overview of the Department of the Navy's investment ashore infrastructure. As you noted, with me here today are Major General Ruark and Rear Admiral Boone.

The Department's fiscal year 2012 budget request includes a \$13.3 billion investment in our installations, to include MILCON, facility sustainment restoration and modernization, BRAC, family housing, environmental, and base-operating support.

The MILCON request of \$2.5 billion is, as you noted, significantly less than our fiscal year 2011 request of \$3.9 billion, primarily due to the completion of the Marine Corps barracks initiative and a more deliberate pace for the Guam buildup.

The MILCON request does provide further investment to relocate marines from Okinawa to Guam. The Marine Corps relocation, along with other DOD efforts to realign forces and capabilities to Guam, represents a unique opportunity to strategically realign the U.S. force posture in the Pacific for the next 50 years.

This is a major effort, and one that we must get right for both our military families and the people of Guam. I'm pleased to share with you that we recently achieved an important milestone in the realignment—the finalization of the Programmatic Agreement. After 3 years of consultations, we may now move forward with executing MILCON associated with the realignment and with preparing a record of decision for the training ranges.

Fostering a long-term positive relationship with the people of Guam is essential to the success of the Marine Corps' mission in the Pacific. The finalization of the Programmatic Agreement is evidence that the Government of Guam, the Guam Legislature, and the DOD can work together on solutions to meet common goals.

This is an important year in the realignment program. The start of construction is imminent, and additional contracts will be awarded over the next few weeks and months at a pace that is sustainable within Guam. Building on the fiscal year 2010 and fiscal year 2011 projects, the projects we're requesting for fiscal year 2012 will enable future vertical construction, support the introduction of off-island workers, and support future operations. Further, the Government of Japan's fiscal year 2011 request includes financing for critical utility projects which will support relocating marines in the long run and the ramp-up of construction in the near term.

The Department is on track to implement BRAC 2005 realignments and closures by the statutory deadline of September 15, 2011. Going forward, our fiscal year 2012 budget request of \$26 million enables ongoing environmental restoration, care taking, and property disposal efforts at BRAC 2005 installations.

The Department has made significant progress during this past year, and to date has completed 328 of the 485 realignment enclosure actions as specified in our established business plans. Additionally, the Department has increased its investment to support President Obama's Energy Challenge and Secretary Mabus's aggressive energy goals to increase energy security, reduce dependence on fossil fuels, and promote good stewardship of the environment.

We have requested \$1.2 billion for fiscal year 2012 and \$4.4 billion across the Future Years Defense Program for shore and operational energy efficiencies.

Members of the subcommittee, your support of the Department's fiscal year 2012 budget request will ensure that we build and maintain the facilities our sailors and marines need to succeed in their military and humanitarian missions, even as the challenges we face multiply.

PREPARED STATEMENT

Thank you for the opportunity to appear before you today. I look forward to answering any questions you may have.
[The statement follows:]

PREPARED STATEMENT OF JACKALYNE PFANNENSTIEL

Chairman Johnson, Senator Kirk, and members of the subcommittee, I am pleased to appear before you today to provide an overview of the Department of the Navy's (DON's) investment in its shore infrastructure.

THE NAVY'S INVESTMENT IN FACILITIES

Our Nation's Navy-Marine Corps team operates globally, having the ability to project power, effect deterrence, and provide humanitarian aid whenever and wherever needed to protect the interests of the United States. Our shore infrastructure provides the backbone of support for our maritime forces, enabling their forward presence. The Department's fiscal year 2012 budget request includes a \$13.3 billion investment in our installations, a decrease of more than \$1.6 billion from last year.

The fiscal year 2012 military construction (MILCON) (Active and Reserve) request is \$2.5 billion. Although significantly less than the fiscal year 2011 request, it represents continued investment in quality-of-life and mission requirements, a continued emphasis on energy conservation, and implementation of the Defense Policy Review Initiative to relocate marines from Okinawa to Guam.

The fiscal year 2012 family housing request of \$469 million represents a 15-percent decrease from the fiscal year 2011 request. The Navy and Marine Corps continued to invest in housing, particularly the recapitalization of our overseas housing. Having virtually privatized all family housing located in the United States, we are investing in a "steady state" recapitalization effort to replace or renovate housing at overseas and foreign locations where we continue to own housing.

Our base realignment and closure (BRAC) program consists of environmental cleanup and caretaker, and property disposal costs at prior round BRAC and BRAC 2005 locations.

We do not foresee much potential for large revenue from land sales, which were used to fund the Legacy BRAC program from fiscal year 2005 through fiscal year 2008. Thus, we again seek appropriated funds in fiscal year 2012 in the amount of \$129 million. Should land sale revenue accrue from the disposal of any BRAC property sales, we will reinvest them to accelerate cleanup at the remaining BRAC locations.

The fiscal year 2012 BRAC 2005 budget request of \$26 million supports ongoing environmental restoration, caretaker, and property disposal efforts. The Department has made significant progress in implementing the BRAC 2005 recommendations during the past year, and to date has completed 328 of 485 realignment and closure actions as specified in our established business plans and we are on track for full compliance with statutory requirements by the September 15, 2011 deadline.

Our fiscal year 2012 request for base-operating support (BOS) is in excess of \$7 billion. The BOS program finances shore activities that support ship, aviation, combat operations, public safety, and family quality-of-life programs for both Active and Reserve components.

Finally, the Department's budget request is increased to \$1.2 billion fiscal year 2012, and \$4.4 billion across the Future Years Defense Plan, to support Secretary Mabus' aggressive energy goals to increase energy security, reduce dependency on fossil fuels, and promote good stewardship of the environment. The fiscal year 2012 program funds three MILCON projects to decentralize steam plants, continues research and development in operational energy efficiencies for the tactical fleet, and will enable the services to increase the energy efficiency of its infrastructure.

Here are some of the highlights of these programs.

MILITARY CONSTRUCTION

The DON's fiscal year 2012 MILCON program requests appropriations of \$2.5 billion, including \$87 million for planning and design and \$23 million for unspecified minor construction.

- The Active Navy program totals \$1.1 billion and includes:
- \$190 million to fund five Combatant Commander projects:
 - a bachelor quarters;
 - a taxiway enhancement;
 - an aircraft logistics apron at Camp Lemonnier, Djibouti;

- a bachelor quarters; and
 - the fourth phase of the waterfront development in Bahrain.
 - \$195 million to fund four energy savings and security projects:
 - a steam system decentralization at Naval Support Activity, Norfolk, Virginia;
 - a steam system decentralization at Naval Support Activity, South Potomac (Indian Head, Maryland);
 - a steam system decentralization at Naval Station Great Lakes, Illinois; and
 - an electrical distribution system replacement at Pacific Missile Range Facility, Hawaii.
 - \$128 million to fund a bachelor quarters at Naval Station Norfolk, Virginia in support of the Chief of Naval Operations' Homeport Ashore Initiative; and
 - a fitness center at Naval Base Coronado, California.
 - \$208 million to fund five nuclear weapons security projects:
 - the first increment of a second explosives-handling wharf;
 - explosives handling;
 - wharf security force facility; and
 - waterfront restricted-area security enclave at Naval Base Kitsap, Washington; and
 - waterfront restricted-area land/water interface and security enclave at Submarine Base Kings Bay.
 - \$114 million to fund five projects to achieve initial/final operational capability requirements for new systems:
 - a P-8A trainer facility;
 - a P-8A hangar upgrade, and a broad area maritime surveillance operator training facility at Naval Air Station Jacksonville, Florida;
 - a MH-60 R/S rotary maintenance hangar at Naval Base Coronado, California; and
 - an E-2D aircrew training facility at Naval Base Ventura County, California.
 - \$15 million to fund Massey Avenue corridor improvements at Naval Station Mayport, Florida in support of homeporting a nuclear capable aircraft carrier by 2019.
 - \$198 million to fund additional critical Navy priorities:
 - a controlled industrial facility at Norfolk Navy Shipyard, Virginia;
 - an applied instruction facility at Eglin Air Force Base;
 - an aircraft prototype facility at Naval Air Station Patuxent River;
 - an integrated dry dock water treatment facility at Naval Base Kitsap, Washington;
 - a Navy information operations command FES facility at Naval Station Pearl Harbor, Hawaii; and
 - a potable water plant modernization at Naval Support Facility Diego Garcia.
 - \$42 million for planning and design efforts.
- The Active Marine Corps program totals \$1.4 billion and includes:
- \$59 million for the construction of unaccompanied housing at Camp Lejeune and Quantico in a continuation of the Commandant of the Marine Corps' initiative to improve the quality of life for single marines;
 - \$48 million to provide quality-of-life facilities such as a child development center, a dining facility, and a physical fitness center at 29 Palms and Quantico;
 - \$28 million to construct student billeting for the Basic School in Quantico, Virginia;
 - \$301 million to build infrastructure to support new construction. These projects include road improvements and drinking and wastewater systems. These projects will have a direct effect on the quality of life of our marines. Without these projects, basic services generally taken for granted in our day-to-day lives, will fail as our marines work and live on our bases;
 - \$514 million to fund operational and maintenance projects such as those needed for the MV-22 aircraft at Camp Pendleton and Joint Strike Fighter at Beaufort and Yuma; and operational units in Camp Lejeune, New River, Cherry Point, 29 Palms, Barstow, and Hawaii;
 - \$127 million to provide training facilities and ranges at Camp Pendleton, Camp Lejeune, 29 Palms, and Quantico;
 - \$75 million to support professional military education by providing facilities at Marine Corps University in Quantico;
 - \$9 million for land expansion for Marine Air Ground Task Force large-scale training exercises at 29 Palms;
 - \$156 million for facilities necessary to support the relocation of marines to Guam; and
 - \$42 million for planning and design efforts.

With these new facilities, marines will be ready to deploy and their quality of life will be enhanced. Without them, quality of work, quality of life, and readiness for many marines will have the potential to be seriously degraded.

The Navy and Marine Corps Reserve MILCON appropriation request is \$26 million to construct an Armed Forces Reserve Center at Pittsburgh, Pennsylvania, and a Marine Corps Reserve Training Center at Memphis, Tennessee. Additionally, \$18 million has been realigned to the Department of the Army to construct a joint Navy, Marine Corps, and Army Reserve complex at Indianapolis, Indiana.

Fully Funded and Incrementally Funded Military Construction Projects

Our fiscal year 2012 budget request complies with Office of Management and Budget Policy and the Department of Defense (DOD) Financial Management Regulation that establishes criteria for the use of incremental funding. The fiscal year 2012 request includes \$78 million to support the first increment of a second explosives-handling wharf at Naval Base Kitsap, Washington. Follow-on increments will be submitted in future budget requests. Otherwise, all new projects are fully funded or are complete and usable phases.

FACILITIES MANAGEMENT

Facilities Sustainment, Restoration and Modernization

DOD uses a sustainment model to calculate lifecycle facility maintenance and repair costs. These models use industry-wide standard costs for various types of buildings and geographic areas and are updated annually. Sustainment funds in the operation and maintenance accounts are used to maintain facilities in their current condition. The funds also pay for preventative maintenance, emergency responses for minor repairs, and major repairs or replacement of facility components (e.g., roofs, heating, and cooling systems). The fiscal year 2012 budget request funds sustainment at 80 percent and 90 percent for the Navy and Marine Corps, respectively. To maximize support for warfighting readiness and capabilities, the Navy reduced its facilities sustainment posture to 81 percent of the DOD facilities sustainment model; joint bases are funded to 90 percent of this model. The Naval Academy, Naval War College, and Naval Postgraduate School are funded to 100 percent of this model. Additionally, the Navy has targeted the allocation of sustainment funds to increase the sustainment and maintenance of unaccompanied housing. As a result, the Navy has minimized operational impacts and ensured the safety of our sailors and civilians by prioritizing maintenance and repair efforts for facilities that directly affect mission operations such as piers, hangars, and communications facilities as well as unaccompanied housing and family support centers.

Restoration and modernization (R&M) provides major upgrades of our facilities using MILCON, operation and maintenance, Navy Working Capital Fund, and BRAC, as applicable. In fiscal year 2012, the DON is investing nearly \$1.5 billion in R&M funding.

Naval Safety

Protecting DON's sailors, marines, and civilian employees and preserving the weapon systems and equipment entrusted to us by the American people remains one of our highest priorities. I consider continual improvement of our safety performance to be an integral component to maintaining the highest state of operational readiness for our Navy-Marine Corps team. During fiscal year 2010, the DON once again achieved record-setting mishap rate reductions in numerous key mishap categories. The Department is successfully tracking toward becoming a world-class safety organization, where, in step with civilian industry leaders, no avoidable mishap or injury is considered the cost of doing our business.

The Secretary of Defense established a goal to achieve a 75-percent reduction in baseline fiscal year 2002 mishap rates across DOD by the end of fiscal year 2012. By the end of fiscal year 2010, the DON exceeded the DOD-wide mishap rate reduction in three of the four mishap categories being tracked by the Office of the Secretary of Defense.

During fiscal year 2010, we continued our Department-wide assault to reduce the loss of sailors and marines to fatal accidents on our Nation's highways. Over the past 5 years, we lost on average 53 sailors and marines to automobile and motorcycle accidents. In fiscal year 2010, we brought those losses down to just 34, our lowest number ever recorded. While we achieved unprecedented reductions in highway fatalities during fiscal year 2010, we still find these losses untenable—we can and must do better.

In fiscal year 2010 DON achieved our best year ever recorded for total class A operational mishaps.¹ While this represents a significant achievement, fiscal year 2010 was the fourth consecutive fiscal year we achieved, “best year ever recorded” in this category. Additionally, fiscal year 2010 marked DON’s best year ever recorded for the number of off-duty/recreational fatalities² and for the rate of class A aviation flight mishaps.

Our efforts also focus on achieving continual improvement in the reduction of workplace injuries. By the end of fiscal year 2010, the Department had achieved Voluntary Protection Program “Star” status, the Occupational Safety and Health Administration’s highest level of achievement, at 14 sites. These activities include all four naval shipyards, our largest industrial facilities. Additionally, over the past 8 years, we have reduced the Navy and Marine Corps civilian lost day rates (due to injury) by 45 percent and 51 percent respectively.

Encroachment Partnering

DON has an aggressive program to manage and control encroachment, with a particular focus on preventing incompatible land use and protecting important natural habitats around installations and ranges. A key element of the program is encroachment partnering, which involves cost-sharing partnerships with States, local governments, and conservation organizations to acquire interests in real property adjacent and proximate to our installations and ranges. Encroachment partnering agreements help prevent development that would adversely impact existing or future missions. These agreements also preserve important habitat near our installations in order to relieve training or testing restrictions on our bases. The program has proven to be successful in leveraging DOD and DON resources to prevent encroachment.

DOD provides funds through the Readiness and Environmental Protection Initiative (REPI) that are used in conjunction with Navy and Marine Corps operations and maintenance funds to leverage acquisitions in partnership with States, local governments, and nongovernmental organizations. For fiscal year 2010, the Marine Corps acquired restrictive easements over 8,191 acres. REPI and Marine Corps funds totaled and \$8.7 million while the encroachment partners provided \$11 million. The Navy acquired 1,908 acres of restrictive easements with combined REPI and Navy funds of \$9.36 million and \$6.4 million provided by partners.

To date, the marines have acquired restrictive easements for 32,408 acres of land with \$49 million of REPI and Marine Corps funding. Encroachment partners have contributed \$54 million. The Navy has acquired 9,851 acres of restrictive easements to date with \$28.4 million of REPI and Navy funding, and \$35.5 million contribution from encroachment partners.

Compatible Development

Vital to the readiness of our fleet is unencumbered access to critical water and air space adjacent to our facilities and ranges. An example is the outer continental shelf (OCS) where the vast majority of our training evolutions occur. The Department realizes that energy exploration and off-shore wind development play a crucial role in our Nation’s security and are not necessarily mutually exclusive endeavors. Therefore, we are engaging with the other services, the Office of the Secretary of Defense, and the Department of the Interior to advance the administration’s energy strategy. We are poised to coordinate with commercial entities, where feasible, in their exploration and development adjacent to installations and our operating areas along the OCS that are compatible with military operations. However, we must ensure that obstructions to freedom of maneuver or restrictions to tactical action in critical range space do not measurably degrade the ability of Naval forces to achieve the highest value from training and testing.

ENERGY

DON is committed to implementing a balanced energy program that exceeds the goals established by the Energy Independence and Security Act of 2007, Energy Policy Act of 2005, National Defense Authorization Act of 2007 and 2010, Executive Orders 13423 and 13514. We place a strong emphasis on reducing our dependence on fossil fuels, reducing overall energy consumption, increasing energy reliability, and

¹A fiscal year 2010 class A mishap is one where the total cost of damages to Government and other property is \$2 million or more, or a DOD aircraft is destroyed, or an injury and/or occupational illness results in a fatality or permanent total disability. An operational mishap excludes private motor vehicle and off-duty recreational mishaps. Mishaps exclude losses from direct enemy action.

²Off-duty/recreational fatalities do not include off-duty deaths resulting from automobile, motorcycle, or pedestrian/bicycle mishaps.

environmental stewardship. The Department is a recognized leader and innovator in the energy industry by the Federal Government and private sector as well. Over the past decade, DON has received almost one-quarter of all of the Presidential awards and nearly one-third of all of the Federal energy awards. Additionally, DON has received the Alliance to Save Energy “Star of Energy Efficiency” Award and two Platts “Global Energy Awards” for Leadership and Green Initiatives.

Organization

The Secretary established a Deputy Assistant Secretary of the Navy for Energy (DASN-Energy) to consolidate the Department’s operational and installation energy missions in the Office of the Assistant Secretary of the Navy for Energy, Installations and Environment ASN. The consolidation of both operational and installation energy portfolios under the DASN-Energy has led to a more concentrated focus on the Secretary of the Navy’s priority of Energy Security and Energy Independence. At the service level, energy efficiency is being institutionalized by the Chief of Naval Operations (CNO) and the Commandant of the Marine Corps (CMC). The Navy Energy Coordination Office and Marine Corps Expeditionary Energy Office drive energy efforts and initiatives within the services.

From the Secretary down to the deck plate sailor and the marine in the field, the Department is committed to meeting our aggressive energy goals. We all view energy as an invaluable resource that provides us with a strategic and operational advantage.

Naval Energy Vision, Priorities, and Goals

As part of the Secretary of the Navy’s priority on energy, DON is committed to a Naval energy vision that states “The Navy and Marine Corps will lead the DOD and the Nation in bringing about improved energy security, energy independence, and a new energy economy.”

With this vision, the Secretary of the Navy has set two priorities for Naval energy reform: energy security and energy independence. Energy security will be achieved by utilizing sustainable sources that meet tactical, expeditionary, and shore operational requirements and force sustainment functions, and having the ability to protect and deliver sufficient energy to meet operational needs. Energy independence will be achieved when Naval forces rely only on resources that are not subject to intentional or accidental supply distributions. As a priority, DON’s energy independence will increase operational effectiveness by making Naval forces more energy self-sufficient and less dependent on vulnerable energy production and supply lines.

With his vision and priorities, the Secretary of the Navy set forth five energy goals to reduce DON’s overall consumption of energy, decrease its reliance on petroleum, and significantly increase its use of alternative energy. Meeting these goals requires that the Navy and Marine Corps value energy as a critical resource across maritime, aviation, expeditionary, and shore missions. DON will lead the Navy and Marine Corps efforts to improve operational effectiveness while increasing energy security and advancing energy independence. DON will achieve the Secretary of the Navy’s goals by adopting energy efficient acquisition practices, technologies, and operations.

The five goals are:

- By 2020, 50 percent of total DON energy will come from alternative energy resources;
- By 2020, DON will produce at least 50 percent of shore-based energy requirements from alternative resources;
- DON will demonstrate a Green Strike Group in local operations by 2012 and sail the Great Green Fleet by 2016;
- By 2015, DON will reduce petroleum use in commercial vehicles by 50 percent; and
- Evaluation of energy factors will be used when awarding contracts for systems and buildings.

As part of these ambitious energy goals, the Secretary of the Navy released The Department of the Navy’s Energy Program for Security and Independence. This strategic roadmap provides guidance and direction to the Navy and Marine Corps. In addition, the CNO and CMC are developing strategic plans, baselines, and metrics to outline energy requirements, funding, profiles, and milestones for achieving energy efficiency and security. The strategy requires action across the DON and is the responsibility of every individual member.

Energy Funding

DON has budgeted \$1.2 billion in fiscal year 2012 and approximately \$4.4 billion across the Future Years’ Defense Plan for energy initiatives. Our strategy focused on reducing our dependence on petroleum, lowering our energy cost, and complying

with Federal legislation and energy mandates. This focus on energy investment will result in cost-savings that will allow DON to continue to aggressively pursue the Secretary of the Navy's priorities and goals.

Operation and Maintenance, Navy.—Projects funded would include testing/certification of Great Green Fleet fuel, propeller coatings, hull coatings, advanced metering infrastructure, simulator upgrades, aviation and maritime i-ENCON and facility energy audits, and facility energy efficiency upgrades.

Operation and Maintenance, Marine Corps.—Projects funded would include completion of mandated energy audits, mobile electric power equipment units, advanced power systems, renovate HVAC system to increase efficiency, and complete SMART metering projects.

National Defense Sealift Fund/Other Procurement, Navy.—Projects funded would include large medium-speed roll-on/roll-off light upgrades, shore power management/monitoring systems, and ship engine automation upgrades.

Military Construction, Navy.—Funds would go toward solar array construction projects, energy efficiency upgrades, critical asset energy security enhancements, advanced metering, ground-source heat pumps, small-scale wind projects, and steam line distribution upgrades.

Research, Development, Test and Evaluation.—Projects funded would include testing of hybrid electric drive, Fleet Readiness R&D Program, the shipboard energy dashboard, landing craft air cushion efficiency initiatives, water purification technologies, man-portable electric power units, and energy storage and distribution.

Achieving these priorities and goals will present challenges for the Navy and the Marine Corps. Final success will depend on advancements on technology maturity, resource availability, alternative fuel availability, and business process transformation. However, with the investments budgeted for energy, DON is taking the leadership role within DOD for this success.

Success

We are on track to meet all our goals, and throughout 2010, we demonstrated progress through an assortment of energy programs, partnerships, and initiatives. Our F/A18, dubbed "The Green Hornet" reached Mach 1.7 as part of the test and certification process using a 50–50 blend of Camelina-based JP–5. We also successfully conducted tests on the MH–60 Seahawk helicopter, and ran a Riverine command boat on renewable biofuel. These tests represent milestones for the Secretary of the Navy's goal of sailing the Great Green Fleet in 2016. The USS *Makin Island*, using a hybrid-electric drive to dramatically lower its fuel usage at slow speeds, will generate lifecycle savings of millions of dollars at today's fuel prices. And we are not stopping there. We will continue to move forward with installation of a similar system on new construction DDGs and look at the feasibility of retrofitting the fleet with these systems in the course of routine shipyard availabilities.

Additional energy initiatives that will reduce the energy consumption of our ships and make them more efficient are propeller and hull coatings. Stern flaps will also assist in reducing energy consumption. And when we look to our future Navy, advanced materials used on our propellers, energy storage and power management systems, and advanced propulsion technology will make our warships more efficient while still allowing them to meet their combat capability.

And the Navy is not alone in implementing change. Last year, the Marine Corps tested equipment that could be deployed on battlefields at their experimental forward operating bases (ExFOB) at Quantico and Twenty-Nine Palms. Technologies tested at the ExFOB are now deployed with marines in Afghanistan. Solar power generators and hybrid power systems are reducing the amount of fossil fuel needed to operate in a combat zone. By deploying these technologies, the Marine Corps has proven that energy efficiency means combat effectiveness.

In addition to these tactical and platform applications, we have implemented a number of energy projects at our facilities ashore. We are actively exploring for new geothermal resources to augment our existing 270 MW geothermal power plant at China Lake. Solar multiple award contracts in Hawaii and the Southwest will allow for large-scale solar projects to be built on our installations. And we are looking at developing our wind resources, exploring Waste-to-Energy projects and developing ocean power technology.

We are also aggressively conducting facility energy audits while completing installation of "smart" electric metering to implement a wide range of facility energy efficiency measures. By the end of this year, more than 27,000 meters will be installed in our existing facilities and provide the means to better measure the amount of energy we are consuming. This will allow for our energy managers to provide "real-time" feedback to our leaders on our installations. At the same time, we continue to ensure that new construction is at a minimum LEED Silver. By exceeding build-

ing efficiency standards, we will be able to meet mandated efficiency goals and drive down our need for conventional energy sources.

The Secretary of the Navy is committing DON to transform its requirements-setting, acquisition, and contracting processes to incorporate energy efficiency into decisions for new systems and buildings. Our Preferred Supplier Program (PSP) was developed as a tool to reward contractors with favorable contract conditions that have demonstrated superior performance in the area of cost, schedule adherence, quality of product/services and business relations. Evaluation factors for energy efficiency performance include energy benchmarking, goal setting, and measurement and verification. PSP has been renamed Superior Supplier Program and transferred over to the Office of the Director, Defense Research and Engineering in early 2011. And in October of last year, the Secretary of the Navy Green Biz Opps site was launched in partnership with the Small Business Administration (SBA) as a way to partner with small businesses and highlight the opportunities within DON.

Communication and awareness are critical to achieving the Secretary of the Navy energy goals. DON is exploring how to implement and maintain culture change initiatives, beginning with education and training, to ensure that energy management is understood by all personnel to be a priority in tactical, expeditionary, and shore missions. Energy awareness campaigns will be used to encourage personal actions that show commitment to energy program goals.

DON will continue to cultivate strategic partnerships with existing and new organizations to leverage our energy goals. By partnering with Federal agencies, such as the Department of Energy, the Department of Agriculture, the National Aeronautics and Space Administration (NASA), and SBA, we are raising the awareness at all governmental levels of the strategic importance of energy within DON. In addition, we are working with academic institutions and private industry to bring innovative ideas and approaches to the forefront.

Our budget request asks for continued support of these and similar projects in order to enhance our efficiency and maximize our move to greater independence and more resilient infrastructure.

HOUSING

The following tenets continue to guide the Department's approach to housing for sailors, marines, and their families:

- All servicemembers, married or single, are entitled to quality housing; and
- The housing that we provide to our personnel must be fully sustained over its life.

A detailed discussion of the Department's family and unaccompanied housing programs, and identification of those challenges, follows:

Family Housing

As in past years, our family housing strategy consists of a prioritized triad:

Reliance on the Private Sector.—In accordance with longstanding DOD and DON policy, we rely first on the local community to provide housing for our sailors, marines, and their families. Approximately three out of four Navy and Marine Corps families receive a basic allowance for housing (BAH) and own or rent homes in the community. We determine the ability of the private sector to meet our needs through the conduct of housing market analyses that evaluate supply and demand conditions in the areas surrounding our military installations.

Public/Private Ventures.—With the strong support from this subcommittee and others, we have successfully used public/private venture (PPV) authorities enacted in 1996 to partner with the private sector to help meet our housing needs through the use of private-sector capital. These authorities allow us to leverage our own resources and provide better housing faster to our families. Maintaining the purchasing power of BAH is critical to the success of both privatized and private-sector housing.

Military Construction.—MILCON will continue to be used where PPV authorities don't apply (such as overseas), or where a business case analysis shows that a PPV project is not feasible.

Our fiscal year 2012 budget includes \$101 million in funding for family housing improvements (including planning and design). This request provides for the revitalization of more than 400 Navy and Marine Corps housing units in Japan, Spain, and Cuba. The budget request also includes \$368 million for the operation, maintenance, and leasing of remaining Government-owned or controlled inventory. As of the end of fiscal year 2010, we have awarded 38 privatization projects involving more than 63,000 homes. These include more than 43,000 homes that will be constructed or renovated. (The remaining homes were privatized in good condition and did not require any work.) Through the use of these authorities we have secured

approximately \$9 billion in private-sector investment from approximately \$1.6 billion of our funds, which represents a ratio of more than \$7 in private-sector dollars for each taxpayer \$1.

Unaccompanied Housing

Our budget request includes more than \$267 million in funding for the construction of unaccompanied housing to support more than 2,300 single sailors and marines. This includes \$59 million to support requirements to continue implementation of the Commandant of the Marine Corps program to construct sufficient housing so that no more than two single marines are required to share a sleeping room. The budget request also includes an \$81 million unaccompanied housing project in Norfolk, Virginia to support the Chief of Naval Operations commitment to achieve the Navy's "Homeport Ashore" objective by 2016.

The following are areas of emphasis within the Department regarding housing for single sailors and marines:

Provide Homes Ashore for Our Shipboard Sailors.—The Homeport Ashore Initiative seeks to provide a barracks room ashore whenever a single sea-duty sailor is in his or her homeport, so they need not live on the ship. The Navy has made considerable progress toward achieving this goal through MILCON, privatization, and intensified use of existing barracks capacity. The Chief of Naval Operations is committed to providing housing ashore for all junior sea-duty sailors by 2016.

Commandant's Bachelor Enlisted Quarters Initiative.—It is the Commandant of the Marine Corps' priority to ensure single marines are adequately housed. Thanks to your previous support of this initiative, the Marine Corps will make significant progress toward fulfilling this priority. MILCON funding since fiscal year 2008 for the Marine Corps barracks initiative will result in the construction of approximately 25,500 new permanent party spaces at multiple Marine Corps installations. Your continued support of this initiative in our fiscal year 2012 proposal will allow us to construct an additional 800 new permanent party barracks spaces. With this funding we will stay on track to meet our 2014 goal. The fiscal year 2012 request for bachelor housing will provide two barracks projects at Camp Lejeune, North Carolina; and Quantico, Virginia. We are also committed to funding the replacement of barracks' furnishings on a 7-year cycle as well as the repair and maintenance of existing barracks to improve the quality of life of our marines. These barracks will be built to the 2+0 room configuration, as have all Marine Corps barracks since 1998. This is consistent with the core Marine Corps tenets for unit cohesion and teambuilding.

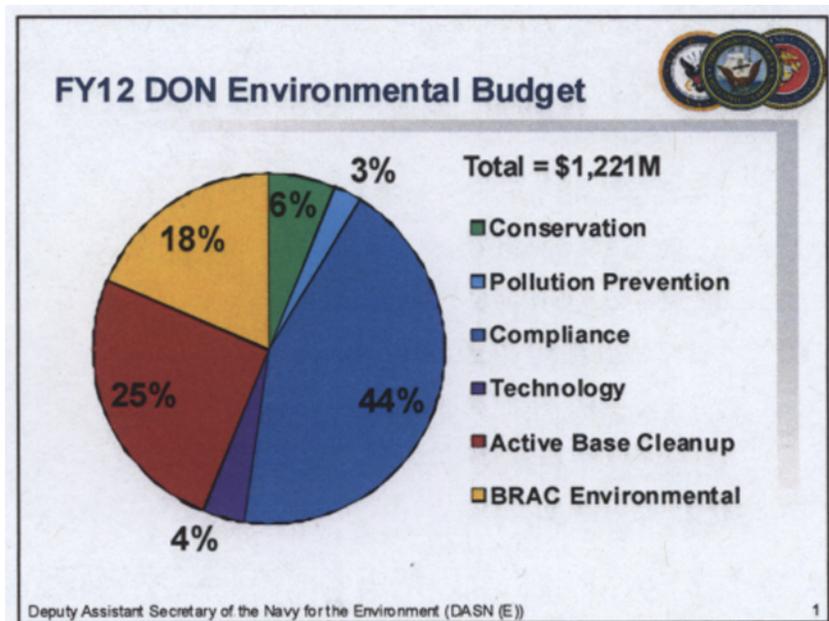
Condition of Unaccompanied Housing.—The Department continues to address the challenge of improving the condition of existing Navy and Marine Corps unaccompanied housing. The Navy has increased its level of restoration and modernization funding targeted to unaccompanied housing across the Future Years' Defense Plan to ensure that 90 percent of the Navy's unaccompanied housing inventory is adequate by fiscal year 2022. With the construction of a large amount of new housing under the aforementioned Commandant's Bachelor Enlisted Quarters Initiative, almost 90 percent of the Marine Corps' unaccompanied housing is now considered adequate.

ENVIRONMENT

In fiscal year 2012, the DON is investing more than \$1 billion in its environmental programs across all appropriations. This level of investment has remained relatively consistent over the past few years:

- Fiscal year 2010—\$1,117 million;
- Fiscal year 2011—\$1,094 million; and
- Fiscal year 2012—\$1,221 million.

Additionally, the relative distribution of environmental funding across the environmental programs, as displayed within the following chart, has also remained stable.



Within this mature, stable environment, DON continues to seek to be a Federal leader in environmental management by focusing our resources on achieving specific goals and proactively managing emerging environmental issues. Many of these emerging environmental issues for fiscal year 2012 present unique challenges as well as provide environmental leadership opportunities for DON.

Compliance—Sustainability

The Department's environmental budget invests significantly in complying with existing regulations. Going beyond just simply maintaining compliance, the Department's compliance budget in fiscal year 2012 incorporates a vision of sustainability into our ability to operate into the future without decline—either in the mission or in the natural and manufactured systems that support our mission. Sustainability is seen by DON as a means of improving mission accomplishment and reducing lifecycle costs that apply to all DOD mission and program areas. DON has instituted many policies and practices implementing sustainability tenets including retrofitting/constructing buildings and expeditionary base camps to optimize energy and water use, adopting goals for renewable energy use on facilities, and conducting integrated solid waste management.

The Department recognizes that many key issues facing DOD can be addressed through smart investments that improve sustainability, such as energy efficiency, energy management, renewable energy, water use efficiency, the reduced use of toxic and hazardous chemicals, and solid waste management.

As an example of solid waste management, Naval Facilities Engineering Command Southwest recently completed a large demolition and environmental remediation project at Naval Security Group Activity Skaggs Island (Skaggs Island). Skaggs Island is located 40 miles northeast of San Francisco near the north shore of San Pablo Bay in Sonoma County. It is bounded on all sides by estuarine sloughs and surrounded by salt marsh wetlands beyond the island's levees. Naval Security Group Activity Skaggs Island was commissioned at this site on May 1, 1942, during World War II and was an active communications base for 51 years. The project was able to recycle 6,437 tons of material from demolition of approximately 140 buildings in preparation for the property to be transferred to the Fish and Wildlife Service to become a part of the San Pablo Bay National Wildlife Refuge. Concrete and asphalt were processed for use in a local highway project. All metals were diverted to salvage yards, and the wood was processed with other materials and used as cover material in a landfill.

National Ocean Council

The National Ocean Council (NOC) is a Cabinet-level body established by Executive order in June 2010. There are 27 Federal agencies tasked to engage in developing a comprehensive national ocean policy which uses ecosystem-based management and coastal and marine spatial planning as foundational building blocks. The Executive order mandates spatial planning for maximized compatible use. The DON equity in this Executive order is extensive: for the first time, comprehensive spatial planning is being conducted in our exclusive economic zones including the Western Pacific, Alaska and the Arctic, the Gulf of Mexico, and the Caribbean. The DON ability to train and test in our current operating areas must be protected. DON is supporting the NOC in a variety of activities, including collecting and developing information about military activities in the coastal and marine zone, writing strategic plans, providing staff and administrative support, and participating in plans to produce regional coastal and marine spatial plans.

The Department participates in numerous interagency ocean-policy working groups formed under the NOC. These include but are not limited to the U.S. Extended Continental Shelf Task Force, the Arctic Policy Group, the Ocean Science Technology ad hoc biodiversity Interagency Working Group (IWG), Ocean Social Science IWG, Ocean Education IWG, Ocean Acidification IWG, the Facilities and Infrastructure IWG, the Ocean and Coastal Mapping IWG, the Interagency Ocean Observing Committee, and the Climate Change Adaptation Task Force. DON and the Joint Chiefs Staff are leading a new IWG tasked with writing the "Ocean, Coastal, and Great Lakes Observations and Infrastructure" Strategic Action Plan (SAP), and are co-chairs for the "Changing Conditions in the Arctic" and "Coastal and Marine Spatial Planning" SAPs. In addition, the Navy provides a full-time NOC staff member who serves as the primary liaison to the National Security Staff, and provides administrative oversight for the Federal Advisory Ocean Research and Resources Advisory Panel.

Chesapeake Bay

After issuing the Chesapeake Bay Strategy in May 2010, the Department has and continues to demonstrate environmental leadership working with the other Federal agencies to achieve Chesapeake Bay restoration goals. DON represents DOD as the executive agent for the Chesapeake Bay program. As such, DON has participated with the Federal Leadership Council to ensure that the Strategy sets forth aggressive, measurable, and attainable goals to restore the health of the Chesapeake Bay, a national treasure. DON is working with the States as they develop their watershed implementation plans. Our goal is to identify our nutrient and sediment sources, prioritize areas for nutrient and sediment reduction projects, and implement these projects to meet or exceed our reduction targets. DON recently sponsored a meeting with the Maryland Governor and Environmental Protection Agency Administrator to partner on means to meet the DOD, DON, and State goals to restore the health of the Chesapeake Bay. We are planning a similar event with Virginia later this year. Through these and other conservation efforts, DON is truly leading by example.

Natural Resources Conservation

DON Natural Resources Program managers continue to provide installation Commanders with special subject matter expertise, products and services necessary to ensure they can test, train, and execute construction projects with as little environmental constraint as possible, while also protecting the natural resources under our stewardship. The basis of our conservation program centers on the preparation and implementation of integrated natural resources management plans (INRMPs). These plans, currently in place at 89 DON installations with significant natural resources, integrate all facets of natural resources management with the installation's operational and training requirements. DON works closely with our Federal and State partners as well as other stakeholders to ensure our INRMPs remain current and effective. One of our primary objectives is to implement conservation measures to protect threatened and endangered species and their habitat which can help to reduce protected species related regulatory constraints. The Department has been very successful in protecting and conserving natural resources on our installations and near-shore areas while ensuring our installation Commanders have the land, sea, and airspace necessary to test and train in a realistic manner.

DON has also developed and implemented a Web-based tool for measuring the effectiveness of Navy and Marine Corps Natural Resources Programs and overall ecosystem health as it relates to mission sustainability. The tool provides leadership with the information necessary to focus scarce funds in the right place to protect

and conserve valuable natural areas and habitats while also protecting mission integrity.

Cultural Resources Program

Cultural resources under the DON's stewardship include infrastructure, ships, and objects of our Navy and Marine Corps heritage; vestiges of our colonial past; and Native American/Alaskan Natives/Native Hawaiian/Native Pacific Islander resources. We take great pride in our heritage, and the many cultural resources on our installations serve as reminders of the long and distinguished course we have charted and of those who lived on the lands before they were incorporated into our bases. The clear objective of the Department's cultural resources program is to balance our current and future mission needs with our stewardship responsibility to the American taxpayer and our desires to preserve our cultural heritage for future generations. The primary mechanism to achieve these goals is an integrated cultural resources management plan, which remains the key mechanism for gathering information about an installation's history and resource inventory, assessing potential use/reuse candidates with our built environment and ensuring that our installation planners and cultural resources managers are working closely together to protect cultural resources while supporting the DON mission.

Our installations have many success stories in which proactive management of cultural resources supported and reinforced the mission. We take very seriously our statutory obligations regarding historic properties. We work with the other services, and other agencies such as the Advisory Council on Historic Preservation and State historic preservation officers, tribal governments, Native Hawaiian Organizations, Native Alaskans, and interested members of the public, to develop effective and efficient ways to balance our stewardship and fiscal responsibilities. We are also developing a new Web-based tool for measuring the effectiveness and efficiency of DON cultural resources stewardship and mission support.

Historic buildings, which are a significant element of our cultural resources, are a valuable part of our portfolio and the Department has been able to rehabilitate historic buildings in ways that support mission requirements as effectively as new construction, with the added benefit of preserving historic property. Of particular concern is energy efficiency and how to retrofit systems to be more efficient while preserving character-defining features. In 2011, the Commandant's House at the Marine Barracks Washington (a national historic landmark) will have photovoltaic panels installed on small portions of the roof to help send the message out to the Marine Corps that alternative energy and historic preservation goals are not mutually exclusive.

Installation Restoration Program

The DON continues to make significant progress remediating past contaminants. As of the end of fiscal year 2010, the Department has completed cleanup or has remedies in place at 86 percent of the 3,834 contaminated sites on active installations. The DOD goal to have remedies in place or responses completed by the year 2014 was established in 1996 when the department had 3,256 known contaminated sites. Over the past 15 years the Department has identified 578 additional sites requiring cleanup. We have been working aggressively to achieve remedy in place or response complete for all sites by 2014. As of the end of fiscal year 2010, we are projecting 46 sites will not meet this DOD goal. We consider this a huge success that we have accomplished site cleanup at both our original inventory of sites as well as 532 additional sites in this time period. Also, DOD expanded the universe of Defense Environmental Restoration Program-eligible sites in 2008. Since that time, we have identified an additional 107 sites. These sites do not have established metrics, but we are working with DOD to establish appropriate metrics to also bring these sites to successful completion in the coming years.

Munitions Response Program

DON is proceeding with investigations and cleanup of Munitions and Explosives of Concern and Munitions Constituents at all Navy and Marine Corps munitions response sites. Our major focus through fiscal year 2010 was completing site inspections at all 330 Munitions Response Program (MRP) sites. We successfully completed 97 percent of these inspections. The 3 percent not inspected were because several newly discovered sites were added into the program late in the process. These site inspections will be completed in fiscal year 2011. Additional funding has also been obligated to address high-priority sites at Vieques and Jackson Park Housing. DON has used the results of the completed site inspections to prioritize the next phases of work for all sites starting in fiscal year 2011. DON plans to achieve cleanup or remedies in place at all MRP sites (except Vieques) by fiscal year 2020.

Camp Lejeune

The Department remains committed to finding answers to the many questions surrounding the historic water quality issue at Camp Lejeune. Scientific/medical studies on this issue continue to investigate whether diseases and disorders experienced by former residents and workers are associated with their exposure to contaminated water at Camp Lejeune. We continue to fund research initiatives, including several ongoing Agency for Toxic Substances and Disease Registry (ATSDR) health studies. Additionally, the Marine Corps funded a congressionally mandated National Academies National Research Council (NRC) review, which was released June 13, 2009. In total, the Department has provided approximately \$28 million in funding for research initiatives, including nearly \$27 million to ATSDR and more than \$900,000 to the National Academy of Sciences. This total includes \$3.9 million to fund ATSDR for fiscal year 2011. In order to ensure total transparency and advance efforts to find answers for our marines, sailors, their families, and civilian workers, DON continues to provide full and timely access to all pertinent information that we possess on this subject.

Marine Mammals

DON is continuing its focused research and monitoring programs addressing marine mammals and anthropogenic sound. The Navy is investing more than \$25 million per year to continue research into the effects of sound on marine mammals, develop products and tools that enable compliance with marine mammal protection laws for Navy training and operations, provide a scientific basis for informed decisionmaking in regulatory guidance and national/international policy, continue research to define biological criteria and thresholds, and to predict location, abundance, and movement of high-risk species in high-priority areas.

RELOCATING THE MARINES TO GUAM

The fiscal year 2012 budget request includes \$181 million for facilities in support of the relocation. The projects provide the horizontal infrastructure (utilities, site improvements, etc.) necessary to enable subsequent vertical construction and/or support Marine Corps operations. The Government of Japan, in its Japanese fiscal year 2011 budget (which runs April 1, 2011 through March 31, 2012) has requested a comparable amount of \$167 million for facilities and design. The Japanese fiscal year 2011 budget request also includes \$415 million in funding for utilities financing, pursuant to the Realignment Roadmap, for water and wastewater projects. This financing will be applied to make improvements to wastewater treatment plants off-base, and to the DON's water system on-base that will interconnect with Guam's water system.

The Marine Corps relocation, along with other DOD efforts to realign forces and capabilities to Guam, represents a unique opportunity to strategically realign the U.S. force posture in the Pacific for the next 50 years. This is a major effort and one we must get right. The DOD recognizes the Congress' concerns regarding execution of the Guam military realignment and is taking steps necessary to resolve critical issues that will allow the construction program to move forward.

The Guam community has been a gracious host to military personnel and families for decades. As we ask the people of Guam to now host a new Marine Corps base, the Department recognizes that close partnership with the Government and people of Guam is essential so that a long-term, positive relationship is fostered. The effort to relocate thousands of marines and their family members is complex and though there remain issues which separate the Department and the Government of Guam, we are committed to working together to address issues such as cultural preservation, land use, and lessening the impacts on the community.

As such, the Department has outlined four pillars that will guide the approach to the coordinated effort to execute the military realignment. By committing to these four pillars, the Department is demonstrating its willingness to listen and respond to the concerns of the people of Guam.

First, the Department recognizes the added strain that the relocating marines and their family members will place on Guam's infrastructure and is committed to the pursuit of "One Guam." Improvements to quality of life on Guam will result from direct investments in projects to improve and upgrade civilian infrastructure. These projects include those which are directly related to the military realignment, such as upgrades to the commercial port, roads, and utilities systems; and those identified by the Government of Guam as necessary to support the community's socio-economic needs. The Department has committed to work with other Federal agencies to advocate for support for Guam's needs so that the One Guam vision can become a reality.

Second, the Department understands and supports the great emphasis the people of Guam place on protecting the island's precious natural resources. We will do our part to protect resources and achieve a "Green Guam" by developing the most energy efficient facilities possible and supporting Guam's efforts to develop sustainable and renewable energy projects. We have projects underway with the Guam Power Authority, Guam Waterworks Authority, University of Guam, Department of Energy, and other Federal agencies to bring public and private funds to Guam for sustainable projects. We will work with the University of Guam's Center for Island Sustainability to develop and secure funding for green programs.

Third, as discussed in further detail below, the preferred alternative site for the live-fire training range complex on Guam that was identified in the final environmental impact statement (EIS) would require restricted access for safety reasons to the culturally significant sites of Pagat village and cave when the ranges are in use. Over the past year, the people of Guam made it clear that our plan to provide access to the area only during times when the ranges were not active was unacceptable and had to be changed. In response, we have developed options that will ensure that access to Pagat village and cave will be available 24 hours per day, 7 days per week.

Fourth, we recognize that land is a valued and limited resource in Guam. In response to concerns regarding the expansion of our footprint on Guam, we have committed to a "net negative" growth in the amount of property controlled by DOD. This strategy means that at the completion of the military realignment, the Department's footprint will be smaller than it is today, which directly responds to long-standing concerns regarding land use on Guam.

On Guam, the military realignment is viewed as a Federal Government action, not just a DOD effort. In addition to the concerns noted above that are directly related to the military realignment, Guam's leaders and members of the community are seeking support from across the Federal Government to resolve several long-standing issues. In our role as a partner to the Government of Guam we have committed to advocate for Guam's needs in Washington, as demonstrated by the Department's support for the Guam Loyalty Recognition Act. A whole-of-Government approach, including the participation of Federal agencies and the Congress, is necessary to demonstrate that the Federal Government at large is sensitive to the concerns of the people of Guam as we prepare to ask them to host an increased military presence.

The Government of Japan remains committed to both the realignment of Marine Corps forces to Guam and the Futenma replacement facility. Of the \$6.09 billion Japanese share, \$834 million in direct cash contributions have been received to date. The Government of Japan has also committed to making concrete progress on the Futenma replacement facility, with a formal decision on the configuration of the runway expected in the spring of 2011. The Department is confident in the progress made to date and is satisfied with Japan's commitment to these realignments.

A record of decision (ROD) for the Guam military realignment was signed in September 2010. The ROD included decisions on the locations of the Marine Corps main cantonment, family housing, aviation and waterfront operations, training on the island of Tinian in the Commonwealth of the Northern Mariana Islands, and selection of utilities and road improvement solutions to support the military realignment effort. Action was deferred on a transient CVN pier, pending additional coral surveys and studies under the National Environmental Policy Act; and on the site specific location of a live-fire training range complex on Guam, pending resolution of the National Historic Preservation Act section 106 consultation process. The first two U.S.-funded MILCON projects were awarded following the ROD; however, intrusive design, construction, and award of additional projects were delayed pending resolution of the section 106 consultation process. In March 2011, we completed the section 106 process with the finalization of a programmatic agreement. Now that this significant milestone has been achieved, we will begin construction and award additional contracts. The Department will also consider recent input to issue a ROD for the live-fire training range complex on Guam.

Partnership with the Government of Guam and the Guam community is central to the success of the marine relocation. Over the past year, senior Department leadership has engaged the Government of Guam to better understand the community's concerns, identify potential solutions, and develop a way forward in implementing the program. From these discussions we now better understand concerns regarding issues such as access to cultural sites and the expansion of DOD's footprint. However, as training is essential for Marine Corps forces, the Department also shares the Congress' concern with ensuring Marine Corps training requirements can be delivered on Guam. With respect to the preferred alternative site for location of a live-fire training range complex in the Route 15 area—property which is not currently within DOD's inventory—the Department has committed to conduct training activi-

ties in a manner which will allow unfettered access to the Pagat Village and Pagat Cave historical sites should the Route 15 site be selected in the ROD for training. Additionally, the Department has communicated to the Governor of Guam and the Guam Legislature that, following the completion of the realignment, DOD will have a smaller footprint than it has today. This commitment will directly address concerns regarding an expanding DOD footprint on Guam. This concept is currently in the early stage of development. Studies will be conducted to determine if missions can be relocated and assess any potentially underutilized properties. As a result of these discussions, the Governor of Guam has stated publicly his willingness to discuss land use issues with the Department. The goal is to have an agreement in principle with the Governor by the fall of 2011, allowing formal land negotiations to commence once appropriate congressional approval for land acquisition has been received. The Department will continue to update the Congress on land use matters and the status of informal discussions with the Government of Guam.

The Department recognizes concerns from both the public and other Federal agencies regarding Guam's existing and future infrastructure and socioeconomic needs. DOD has worked closely with both the Government of Japan and with Guam's utilities providers to identify utility system improvement projects for Japanese financing which both support the relocating marines and improve Guam's systems. As discussed earlier, in its Japanese fiscal year 2011 budget the Government of Japan has requested \$415 million of its required \$740 million contribution in utilities financing. The projects which will be financed by this funding will provide utility system upgrades that are critical enablers to the construction program. Specifically, they will provide for upgrades and improvements to wastewater treatment plants which will support the off-island workforce and future population growth associated with the Marine Corps realignment, as well as treatment, production and storage for potable water on-base. As noted in the Navy's National Environmental Policy Act documents, these projects are critical mitigations to alleviate the impact of the population increase from the military realignment program.

The Department is committed to improving the quality of life for both the people of Guam and the military personnel who make the island their home. The final EIS acknowledges that the military realignment will affect Guam's social services, such as education and medical facilities, due to the added demand on services to Guam as a result of potential population growth that may result from the military realignment. If the issues surrounding existing infrastructure and other major socioeconomic issues impacting Guam are left unaddressed, we risk creating disparity between conditions on- and off-base and losing the support of the people of Guam, which will adversely affect our ability to achieve our mission. The DOD is committed to ensuring this does not happen, and is leading the effort to coordinate an interagency approach to "One Guam". The DOD-led, interagency Economic Adjustment Committee (EAC) is working with the Government of Guam to review socioeconomic needs both directly and indirectly related to the military realignment. The fiscal year 2012 budget includes a request for \$33 million in Defense-wide operations and maintenance funds to address projects assessed by the EAC. In addition, other Federal agencies' fiscal year 2012 budget requests include approximately \$30 million in funding for Guam to assist with the implementation of the projects requested by DOD or support other Guam infrastructure and financial management requirements identified by the EAC. The Department will continue to work with other Federal agencies to identify additional opportunities for Federal Government support to address Guam's socioeconomic needs.

In the coming weeks and months, construction will begin, contracts for additional projects will be awarded, and progress will be made with the Government of Guam toward addressing its concerns related to land acquisition. Concurrently, the Department will continue to evaluate the total cost of the realignment based upon the refining of requirements and evolution of planning efforts conducted to date.

BASE REALIGNMENT AND CLOSURE 2005 IMPLEMENTATION

The Department has made significant progress during the past year, and to date has completed 328 of 485 realignment and closure actions as specified in our established business plans. The Department is on track to implement BRAC 2005 realignments and closures by the statutory deadline of September 15, 2011. Going forward, our fiscal year 2012 budget request of \$26 million enables ongoing environmental restoration, caretaker, and property disposal efforts at BRAC 2005 installations.

Accomplishments

In total, the Department has awarded all 118 planned BRAC construction projects with a combined value of \$2.1 billion. The final five projects awarded within the last

6 months total approximately \$81 million and are on schedule for completion prior to the statutory deadline. Some noteworthy achievements include:

- During the past year, DON closed Naval Station Ingleside, Texas, 5 months earlier than planned and reverted the property to the Port of Corpus Christi. We also closed the Navy Supply Corps School in Athens, Georgia and relocated the personnel and assets to Naval Station Newport, Rhode Island. By September 15, two more installations, Naval Air Station Willow Grove, Pennsylvania and Naval Air Station Brunswick, Maine will be closed.
- Construction was completed in December 2010 on the Consolidated Investigative Agencies facility at Marine Corps Base Quantico, Virginia. This \$350 million project has set the standard for interagency BRAC coordination and it will bring together the service investigative agencies, the Defense Security Service and the Defense Intelligence Agency to create a premier law enforcement, security and intelligence center that will increase collaboration across DOD and leverage the efficiencies and synergies created by collocating the agencies and services.
- The Department has invested more than \$400 million on construction and outfitting of 11 facilities to establish a state-of-the-art Research, Development, Acquisition, Test and Evaluation Center for Integrated Weapon System and Armaments and Fixed Wing Air Platforms at Naval Air Warfare Center China Lake, California. Nine of the 11 construction projects at China Lake are complete with the remaining two projects scheduled to complete this summer.

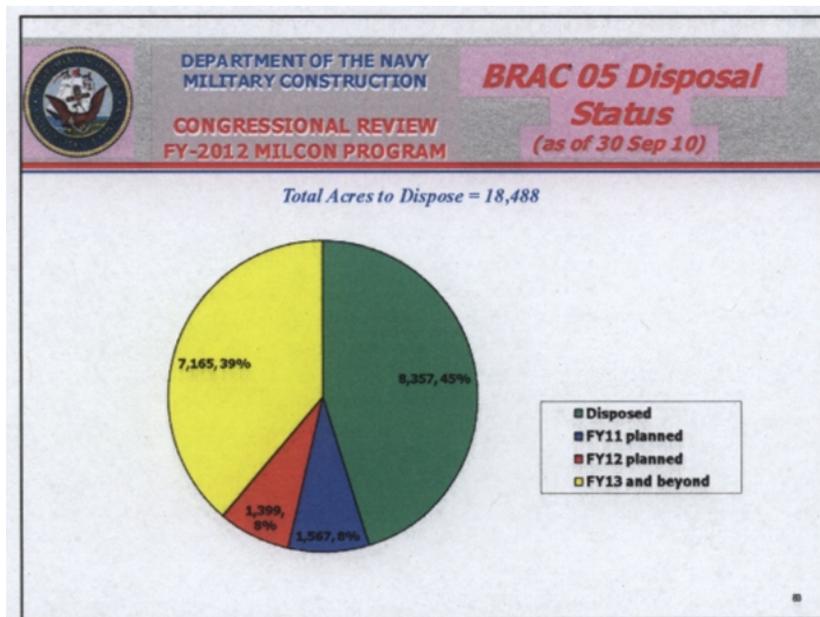
Community Reuse Planning Efforts

Seventeen impacted communities established a local redevelopment authority to guide local planning and redevelopment efforts, and have been receiving financial support through grants and technical assistance from the DOD Office of Economic Adjustment. Two communities are still preparing their plans with submissions planned for later this year and the Department of Housing and Urban Development is reviewing submissions at six installations. At the installations where the reuse plans have been completed, the Department has initiated the National Environmental Policy Act (NEPA) documentation for disposal of those properties. We have completed the NEPA process at eight of those installations.

Land Conveyances and Lease Terminations

By the end of fiscal year 2010, the Department disposed of 45 percent of the property that was slated for closure in BRAC 2005. These disposal actions were completed via a combination of lease transfers and terminations, reversions, public benefit conveyances (PBCs), and Federal and DOD agency transfers. Of interest for fiscal year 2010 is the reversion of the 577-acre main base at Naval Station Ingleside to the Port of Corpus Christi. Last year we also transferred a lease interest of 34 acres at the Marine Corps Support Activity in Kansas City, Missouri for use by the Department of the Army.

The most significant action we have planned for 2011 is the disposal of Naval Support Activity, Athens, Georgia this spring when the base will operationally close. This property will be conveyed to the University of Georgia via an education PBC. The 2011 plan also includes transfer of remaining real property at Marine Corps Support Activity Kansas City, Missouri and Naval Support Activity New Orleans, Louisiana. Other significant disposals include about 1,200 acres at Naval Air Station Brunswick, Maine to support aviation and education uses.



Naval Support Activity New Orleans, Louisiana

Construction for the new building that will house headquarters, Marine Forces Reserve and Marine Corps mobilization command is almost complete in the future Federal City. The four floors and approximately 411,000 square-feet of administrative space are currently having furniture and computer equipment installed. When finished, the building will be home to about 2,000 marines. A ribbon cutting ceremony is planned for the end of June 2011.

To support the closure of Naval Support Activity New Orleans and the relocation of base-operating support and tenant activities to Naval Air Station Joint Reserve Base New Orleans, 13 construction projects have been completed and the final project is targeted for completion by the end of March 2011.

Naval Air Station Brunswick, Maine

The Department's largest BRAC 2005 operational action will close Naval Air Station Brunswick and consolidate the east coast maritime patrol operations in Jacksonville, Florida. Runway operations in Brunswick ceased in February 2010. The closure ceremony will occur in May 2011. The runways and adjacent aviation land and facilities totaling more than 900 acres were approved in February 2011 for a no-cost Federal Aviation Administration PBC to the local redevelopment authority. These facilities will become an executive airport.

Naval Air Station Joint Reserve Base Willow Grove, Pennsylvania

In 2007, legislation was enacted directing the Department to transfer Naval Air Station Joint Reserve Base Willow Grove to the Air Force, who would then convey property to the Commonwealth of Pennsylvania for the operation of a Joint Interagency Installation. In November 2009, Governor Rendell of the Commonwealth of Pennsylvania informed the Secretary of Defense that the Commonwealth would no longer pursue the Joint Interagency Installation because of fiscal constraints. The closure of Naval Air Station Joint Reserve Base Willow Grove will again follow the BRAC disposal processes. Federal Screening among other DOD and Federal agencies has been completed and the local redevelopment authority initiated its reuse planning efforts in February 2011.

Navy Leased Locations, National Capital Region

Navy awarded the remaining construction projects for the relocation of more than 2,200 DON personnel from leased locations into DOD-owned facilities in the National Capital Region. These remaining projects while on track to complete in time

to meet the statutory deadline continue to present significant challenges due to the short construction duration, and complex move actions that require close coordination with other services and agencies.

Joint Basing

All 12 joint bases established by BRAC law have achieved full operational capability as of October 1, 2010. The Department is the supporting component for the following four bases:

- Joint Expeditionary Base Little Creek-Fort Story;
- Joint Region Marianas;
- Joint Base Pearl Harbor-Hickam; and
- Joint Base Anacostia-Bolling.

Environmental Cost To Complete and Financial Execution

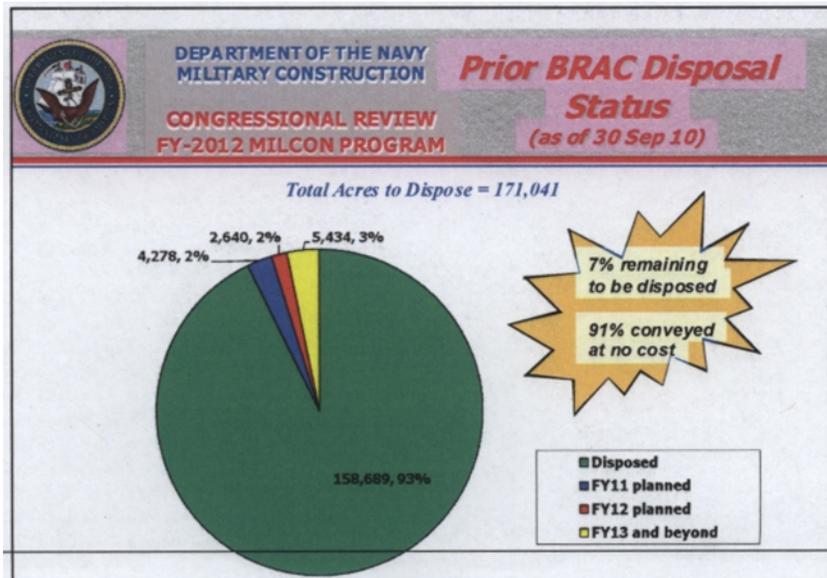
Over the last year, we spent \$16 million in cleanup at BRAC 2005 locations. The majority of this funded environmental activities at Naval Air Station Brunswick, Maine, Naval Weapons Station Seal Beach Detachment Concord, California, and Naval Air Station Joint Reserve Base Willow Grove, Pennsylvania. Our remaining environmental cost to complete for fiscal year 2011 and beyond is \$117 million.

Challenges

Completion of large construction and renovation projects and relocations are planned for the last 3 to 6 months of BRAC 2005 implementation. Projects associated with the movement of DON organizations from leased space in the National Capital Region to DOD-owned space are scheduled to finish September 2011. Additionally, lack of full funding at the beginning of fiscal year 2011 resulted in rearrangement of implementation plans, leaving little margin for error in meeting the statutory deadline across multiple recommendations.

PRIOR BASE REALIGNMENT AND CLOSURE CLEANUP AND PROPERTY DISPOSAL

The BRAC rounds of 1988, 1991, 1993, and 1995 were a major tool in reducing our domestic installation footprint and generating savings. All that remains is to complete the environmental cleanup and property disposal on portions of 15 of the original 91 bases and to complete environmental cleanup, including long-term monitoring at 23 installations that have been disposed.



Property Disposal

We disposed of 289 acres of real property in fiscal year 2010, for a total of 93 percent of real property disposed in the first four rounds of BRAC. In fiscal year 2010, we completed the disposal of the Defense Fuel Depot Point Molate to the city of

Richmond, California, using the authority to transfer property prior to completion of environmental remediation activities. This conveyance will enable city redevelopment of the property years sooner by incorporating the environmental remediation effort with the construction. We continue to use the variety of the conveyance mechanisms available for Federal property disposal, including the economic development conveyance (EDC) that was created for BRAC properties. Ninety-one percent of the property conveyed has been at no consideration to the Federal Government. Our fiscal year 2012 budget request of \$129 million will enable us to continue disposal actions and meet the legal requirements for environmental cleanup.

With 74 percent of our remaining property requiring supplemental NEPA analysis and completion of environmental remediation activities, disposal actions will continue after fiscal year 2011. Due to changing redevelopment plans, we are currently undertaking supplemental NEPA analyses at Naval Shipyard Hunters Point, California and Naval Station Roosevelt Roads, Puerto Rico. Although supplemental NEPA analysis is not needed at Naval Station Treasure Island, California, the city of San Francisco is currently completing a State-required environmental review of its revised reuse plan. In addition, we may need to undertake supplemental NEPA analysis at Naval Air Station Alameda, California depending on future reuse planning decisions by the city of Alameda.

In fiscal year 2011, we plan to convey 627 acres at Naval Air Station South Weymouth, Massachusetts under an EDC. Other significant actions include issuing deeds for 530 acres at Marine Corps Air Stations El Toro and Tustin in California that are currently under leases in furtherance of conveyance and the initiation of a public sale at Naval Station Roosevelt Roads, Puerto Rico, for about 2,033 acres. With the completion of these actions, we will have disposed of 95 percent of our Prior BRAC real properties.

Prior Base Realignment and Closure Environmental Cleanup

The Department has now spent about \$4.5 billion on environmental cleanup, environmental compliance, and program management costs at Prior BRAC locations through fiscal year 2010. Our remaining environmental cost to complete for fiscal year 2011 and beyond is approximately \$1.3 billion. This includes about \$180 million cost growth which is due in part to additional munitions cleanup at Naval Air Facility Adak, Alaska and Naval Shipyard Mare Island, California, cleanup at Naval Air Station Moffett Field, California, and additional long-term monitoring program-wide. The increase is also associated with additional radiological contamination at Naval Station Treasure Island, California, and Naval Air Station Alameda, California.

Naval Station Roosevelt Roads, Puerto Rico

The Commonwealth submitted an EDC application in December 2010 requesting approximately 1,000 acres of the remaining property. We are currently reviewing the application and will soon begin formal negotiations. The remaining property will be sold through public auction.

Naval Shipyard Hunters Point, California

DOD listed the shipyard for closure as part of BRAC 1991. The Department has spent more than \$650 million to investigate and clean up contamination at Hunters Point, including 78 installation restoration sites and 93 radiological sites. The Congress has added a total of \$160 million to the entire Prior BRAC Program over the past 3 years, and we have used more than \$100 million to accelerate the cleanup program at Hunters Point.

The additional funding has increased contaminated soil disposal to more than 520,000 cubic yards, nearly 31,000 truckloads, through removal and remedial actions. For radiological contamination, we have received free-release for 17 impacted buildings and removed more than 12 miles of radiological contaminated sewer and storm lines. We continue to utilize emerging technologies to expedite cleanup of groundwater plumes and have streamlined the groundwater monitoring program.

The Department continues to work closely with the city of San Francisco for the potential early transfer of key development parcels within the next year. This transfer of parcel B (59 acres) and parcel G (40 acres), followed by additional transfers totaling 60 acres in 2014, make up close to 40 percent of the remaining land for development. With final RODs signed for parcel C (74 acres) and the anticipated utility corridors, we have made significant strides in readying parcels to support city redevelopment efforts.

Naval Station Treasure Island, California

With adoption of new EDC language in the fiscal year 2010 National Defense Authorization Act, DON was able to complete negotiation of a profit participation

model for the transfer of Treasure Island. In August of 2010, then-Speaker Pelosi, Secretary Mabus and then-Mayor Newsom signed the term sheet and intent to complete an EDC memorandum of understanding (MOU). The formal EDC MOU is expected to be approved and signed by June of this year. The agreement guarantees \$55 million to the Navy paid over 10 years with interest and an additional \$50 million paid once the project meets a return of 18 percent. Then after an additional 4.5 percent return to investors (22.5 percent total), the Navy would receive 35 percent of all proceeds.

The environmental cleanup of Treasure Island is nearing completion. The city has finalized its California Environmental Quality Act (CEQA) documentation and will submit the CEQA Environmental Impact Report and EDC MOU for approval by the Board of Supervisors in the summer of this year. At that point, we will be in position for the transfer of more than 80 percent of the base. The remaining cleanup includes the continued treatment of two small groundwater plumes and removal of low level radiological contamination. These projects and the remaining transfer are expected to be complete well before the land is needed for subsequent phases of the redevelopment project.

Naval Air Station South Weymouth, Massachusetts

Naval Air Station South Weymouth was closed by a 1995 BRAC action. In 2008, Navy and the local redevelopment authority executed an EDC term sheet, but the local redevelopment authority was unable to obtain the necessary bonds to complete the transaction. The Navy has subsequently revalued the property and the parties are negotiating a new payment structure that emphasizes Navy participation in revenue sharing for an EDC of 627 acres.

Naval Air Station Moffett Field, California

Naval Air Station Moffett Field was transferred to NASA in 1994 with Navy retaining environmental cleanup responsibilities for past Navy releases. Hangar 1, which was built in the 1930s to house the USS *Akron* and its sister ship, USS *Macon*, is a Navy Installation Restoration Program site as a result of contamination in its siding and interior paint leaching to the environment. Due to it being a contributing element to the Naval Air Station Sunnyvale Historic District and individual eligibility for the National Register of Historic Places, the Navy's environmental response, which will leave the hangar without siding, has generated tremendous public and congressional interest.

The Navy has completed all Hangar 1 interior work and removal of siding is scheduled to begin in April 2011 for completion at this calendar year's end.

NASA, as the Federal facility owner and operator, has committed to reusing and re-siding Hangar 1. They are seeking additional financial support for this effort.

BASE REALIGNMENT AND CLOSURE SUMMARY

The Department is on schedule to meet the statutory requirement to complete the BRAC 2005 closure and realignment actions by September 15, 2011. While the relocation of Navy organizations from leased locations in the National Capital Region to DOD-owned space continues to present significant challenges, we feel we have a reasonable plan in place to meet this requirement.

Although the remaining prior round BRAC installations present cleanup and disposal challenges, we continue to work with regulators and communities to tackle complex environmental issues, such as low-level radiological contamination, and provide creative solutions to support redevelopment priorities, such as innovative EDCs.

CONCLUSION

Our Nation's sea services continue to operate in an increasingly dispersed environment to support the maritime strategy and ensure the freedom of the seas. We must continue to transform and recapitalize our shore infrastructure to provide a strong foundation from which to re-supply, re-equip, train, and shelter our forces. With your support of the Department's fiscal year 2012 budget request, we will be able to build and maintain facilities that enable our Navy and Marine Corps to meet the diverse challenges of tomorrow.

Thank you for the opportunity to testify before you today. I look forward to working with you to sustain the war fighting readiness and quality of life for the most formidable expeditionary fighting force in the world.

Senator JOHNSON. Secretary Pfannenstiel, the fiscal year 2012 budget request includes \$100 million for MILCON in Bahrain, on

top of the \$213 million in the fiscal year 2011 request. Given the current unrest in Bahrain and throughout the Middle East, what are the Navy's plans for executing both the fiscal year 2011 and fiscal year 2012 requests? Do you think it is prudent to go ahead and execute these projects in light of the current turmoil in Bahrain?

Ms. PFANNENSTIEL. Mr. Chairman, I understand the concern with what is happening in Bahrain. I'd point, of course, that the fiscal year 2011 projects are, of course, held by the lack of appropriations of fiscal year 2011.

But the, right now, the consideration in Bahrain is that it is the home of the Fifth Fleet and, as long as the Fifth Fleet remains—and we expect that it will—we need to provide the necessary facilities and security for the sailors who are there. So, yes, we do think it prudent to continue to support those activities.

Senator JOHNSON. What is the status of dependents in Bahrain? Have they been evacuated?

Ms. PFANNENSTIEL. I believe they were, there was a voluntary ability for them to leave. Perhaps Admiral Boone can address whether they have done so.

Admiral BOONE. Good afternoon. I would first like to thank the members of this subcommittee for their continuing support to our military.

To answer the question specifically, as Secretary Pfannenstiel stated, like some other locations, there has been a voluntary evacuation. I don't know the numbers. We'd have to take that for the record.

[The information follows:]

BAHRAIN AUTHORIZED DEPARTURE OF DEPENDANTS UPDATE

Department of Defense (DOD) dependents have not been evacuated from Bahrain. On March 15, DOD authorized voluntary departure from Bahrain of DOD dependents and non-emergency civilian personnel at Government expense. Additionally, a "stop movement" order was given. This order prohibits dependents of military personnel executing permanent change of station orders from traveling to Bahrain. The authorized departure (AD) of dependents and stop movement order was extended to May 13 in accordance with Department of State actions. At the conclusion of that period, the overall situation in Bahrain will be reassessed to determine if the policy should be extended, modified, or removed. As of May 1, of Bahrain's 710 command-sponsored dependents, 82 have departed under AD. Naval Support Activity Bahrain's Joint Reception Center continues to receive questions and process applications for alternative safe havens in the United States.

Senator JOHNSON. Secretary Pfannenstiel, the fiscal year 2012 budget request includes \$181 million for Navy projects in Guam. An additional \$106 million has been authorized in fiscal year 2011 funds, and \$300 million was appropriated in fiscal year 2010. Of the fiscal year 2010 funding, how much has been obligated to date? Now that the major environmental and historic preservation hurdles have been cleared, do you expect to be able to obligate all the remaining fiscal year 2010 funds, plus the fiscal year 2011 funds, this fiscal year?

Ms. PFANNENSTIEL. The, there are two projects—fiscal year 2010 projects—

Senator JOHNSON. Yes.

Ms. PFANNENSTIEL [continuing]. That were, in fact, awarded. A couple other fiscal year 2010 projects are in the process of being awarded even as we speak. So, these are going out for awards. At

the moment there is no actual construction going on. These are in process of planning and design, and they are moving forward. The fiscal year 2011 projects, of course, cannot be started because we do not have the appropriation.

Senator JOHNSON. Yes. What is the status of the various environmental lawsuits that have been filed? Do they present any impediment to beginning construction or awarding future contracts?

Ms. PFANNENSTIEL. No, sir. There is a lawsuit that is in the process of being heard as we speak, and it specifically is about the training ranges. It concerns whether the training ranges were sufficient—whether the environmental review of the possible places for the training ranges was sufficient. The contracts that have been approved and are considered, are in line to be awarded now, don't involve the area of the training ranges, so those could go ahead without the lawsuit having been resolved.

GUAM RANGE ID AND ACQUISITION

Senator JOHNSON. General Ruark, what is the status of identifying and acquiring training ranges on Guam? Do the current plans provide sufficient training resources for the marines?

General RUARK. Thank you, Senator. And we certainly appreciate the great support of the Congress for the Marine Corps.

The site at Route 15 was identified for the final environmental impact statement (EIS) as the preferred alternative location for the live-fire training range complex to support the relocating marines. The site was deemed a preferred alternative because it was considered to be the best balanced to meet the needs of the Marine Corps training.

The individual skills live-fire training, as identified in the Guam EIS, is the absolute minimum necessary on Guam for the marines.

Additionally, the USPACOM commander will conduct a Pacific training plan EIS, which starts this fiscal year, which will examine other potential training range opportunities throughout the Western Pacific, to include the Commonwealth of the Northern Marianas, and, to supplement the training on Guam, sir.

Senator JOHNSON. Senator Kirk.

Senator KIRK. Thank you, Mr. Chairman.

I wanted to just follow up on Guam. You can sort of, because we're a little confused as to what the construction schedule is, the cost.

At Pagat Village we've, I guess, worked out the historical caves agreement, luckily, before this hearing. And so, I want to ask about this former FAA property, and, are you being held up by the Guamese Government for a price that's too high? Or, where are we with that?

Ms. PFANNENSTIEL. We haven't started negotiating on that at any point. Where we really are is, taking a broad look. And that's been, sort of, the, why we haven't come back to this subcommittee with an updated schedule yet. We have the preferred alternatives what were laid out in the EIS.

Senator KIRK. Right.

Ms. PFANNENSTIEL. And we're going forward with them. And, but, we have also, in working with the Government of Guam, recognized that there are concerns about how we're planning to use

the land, as identified in the EIS. So, we agreed with the Government of Guam that we will try to reduce our overall footprint on Guam. That's caused us to have to take looks at different ways of doing things. For example, the FAA land was going to be used for housing, and the question is, can we put more housing elsewhere?

We are continuing to look at that now, even, you know, within the parameters of the EIS that was approved. And if there are changes, we will certainly bring them to the subcommittee.

Senator KIRK. Right. I'm just worried that maybe, you know, I am pretty pro-Guam—talked to Madeleine Bordallo about this, Chairman Culberson—but if we need them too much, they may hijack us for too high a price. So, subcommittee is going to get a proposal possibly for a hell of a lot of spending in Korea, with full tour norm. We could change that to combat capability. We—maybe the principals will put Okinawa back in play. It would surprise me. But if they did, is there a way to keep Okinawa and Korea more in play, so if the Guamese hijack us for money, the combat capability for Pacific is elsewhere?

Ms. PFANNENSTIEL. Well, I can assure you that the Pacific Command is always continually looking at what is the most effective force posture—

Senator KIRK. Right.

Ms. PFANNENSTIEL [continuing]. In the Pacific. And that's an ongoing, continual process.

Senator KIRK. It's a long way away, and future support is, it's a tremendous capability. But obviously, when the United States faced this in the past, Admiral Boone, I'm wondering, has there ever been a long-range United States Navy study about what logistics might be made, and, obviously, the good relations with northern Australia—put that in play, as opposed to what are very difficult and very tiny islands in the Pacific, so that we have something that's west of Hawaii, with a stable government that really likes us and doesn't charge us too much to be there?

Admiral BOONE. Yes, sir, Senator. Of course, through the Quadrennial Defense Review process we look at those kinds of force posture issues strategically on a regular periodicity. And in between, Pacific Command and other components analyze force posture issues throughout the region as events evolve. And so, all of that is continually being looked at on various levels.

Senator KIRK. What about my question—Australia?

Admiral BOONE. There are studies that are looking at the region throughout the Western Pacific to address the capabilities that you bring up.

Senator KIRK. Thank you.

How are we adjusting now to this estimate—\$1.3 billion estimate for water, power, and sewage needs on Guam, which is far in excess of the fiscal year 2009 plan that I showed to Comptroller Hale?

Ms. PFANNENSTIEL. Well, actually, there, of the, that \$1.3 billion, the Japanese have committed to \$740 million for financing of utilities, water—

Senator KIRK. Right.

Ms. PFANNENSTIEL [continuing]. Power and wastewater. And that will be a major chunk of that commitment.

Senator KIRK. But, the original estimate given to this subcommittee was about \$300 million, so this has gone way up.

Ms. PFANNENSTIEL. I don't know where that estimate came from. That was—

Senator KIRK. It's the original DOD estimate, so if you look—I mean, this will be a famous chart, because we want you guys to update it. But it says: Immediate upgrades to power, \$130 million; total estimate, about \$200 million, and then another \$300 million for the full is the estimate that you gave us. So, \$1.3 billion is a lot more than that.

Ms. PFANNENSTIEL. \$1.3 billion is certainly a lot more. And I do know that during the environmental impact process we were very involved with the Environmental Protection Agency—

Senator KIRK. Right.

Ms. PFANNENSTIEL [continuing]. And they spent time looking deeply at it, so, their conclusion was \$1.3 billion.

Senator KIRK. I'm concerned also about delaying costs as the DOD budget goes down. Is there a way to lay out a maximum footprint for what we plan for Guam and do one maxi-EIS, so we get all of this bureaucracy done at one go? Rather than death by 1,000 EISs?

Ms. PFANNENSTIEL. We are intending that this, as we look at all the changes that are coming—and as you know, there are a couple pieces of it that haven't been resolved at this point—as that work is all done, that we will have a final master plan, and that master plan will have an EIS associated with it.

We are looking internally about whether it's more efficient to have the one big master plan, or to have some supplementals for some pieces that might change. And it may end up being more efficient to do the latter.

Senator KIRK. Mr. Chairman, the last question. Just, it's a substantial U.S. investment which I think we should make for U.S. security in the Western Pacific. But, in the end, all of this combat capability for the Navy and Marine Corps is only worthwhile if it can be around when we need it. I'm surprised that we're rolling no substantial robust missile defense architecture in, in the current plan. When you've got the biggest bullseye in the closest range to the potential adversary that would have the most number of bullets to expend on this one target, how come, in all of this vast expense, we're rolling this in, and the site actually really couldn't defend itself very well in its current configuration?

ANTI-BALLISTIC MISSILE TREATY

Ms. PFANNENSTIEL. The original EIS, and the record of decision that was signed in September, does include the possibility of an Army anti-ballistic missile system.

Senator KIRK. Yes.

Ms. PFANNENSTIEL. That decision hasn't yet been made by the Army.

Senator KIRK. Don't you think that's kind of putting the cart—don't you defend the site before you invest in it?

Ms. PFANNENSTIEL. My, the intention is to consider whether it makes sense from the Army standpoint to put that system there or, likely, somewhere else—

Senator KIRK. My worry is that because of—

Ms. PFANNENSTIEL [continuing]. For them.

Senator KIRK [continuing]. International pressure or something we might worry about putting something there, which would be, would render this entire investment useless. And this is supposed to be the unsinkable aircraft carrier of the United States. But, if we wimp out on a missile defense site, then almost all of the money that we've sunk into this is—when we actually need it, in a military contingency—not worthwhile.

Ms. PFANNENSTIEL. I understand.

Senator KIRK. Thank you, Mr. Chairman.

Senator JOHNSON. I would like to thank all of our witnesses for appearing before the subcommittee today. Thanks for all of your service to our Nation. We look forward to working with you this year.

ADDITIONAL COMMITTEE QUESTIONS

For the information of the members, questions for the record should be submitted by the close of business on April 15.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO HON. ROBERT F. HALE

QUESTIONS SUBMITTED BY SENATOR BEN NELSON

Question. For the past several years, the need for a new U.S. Strategic Command (STRATCOM) headquarters building has been apparent and identified as a requirement. The Department of Defense's (DOD's) budget seeks to fulfill that requirement by requesting authorization of \$564 million for a new headquarters. As I understand the request, the full authorization is being requested this year and the appropriation will be incremental with the first phase being \$150 million for fiscal year 2012. We all know that we are in a constrained budget and that hard choices are being made within DOD. This I know is a hard choice but one that is essential in protecting our national strategic missions for cyber, missile defense, and nuclear command and control now and in the future as these threats will not likely dissipate.

Question. As I understand the funding process for this project, the funding is scheduled to be spread over a 3-year period. What are the benefits to spreading this funding over 3 years? And does this optimize the construction schedule? How?

Answer. The benefits to spreading this funding over 3 years is that it is optimized and synchronized to the construction schedule. With this strategy, we obligate the construction funding at a pace consistent with the planned construction schedule. Programming the funding quicker than the three increments currently planned would be too early and would result in tying up valuable MILCON dollars unnecessarily. To the contrary, to shift the increments much beyond 3 years would delay overall construction completion, as the construction schedule would out-pace the funding stream.

Question. Is the full \$150 million needed in fiscal year 2012? What would be the impact if the full \$150 million were not realized? What would be the impact of any reductions in this funding in any year? Why is it not practical to just refurbish the current facility?

Answer. Funding the first increment at less than the \$150 million requested would likely result in the delay of the overall construction timeline. Any reduction in funding that would extend the funding increments much beyond 3 years would result in an extension to the construction schedule, thus delaying STRATCOM's move to its new facility and jeopardizing the viability of this mission so critical to America's national defense.

We considered a number of alternatives for recapitalizing the STRATCOM complex at Offutt Air Force Base, Nebraska. Those options included building an entirely new facility, renovating a portion of the existing complex and constructing an addition to replace the portions of the existing complex not suited for renovation, and

building an entirely new campus-like complex, with multiple facilities, over a number of years. In the end, the option to build an entirely new facility was the cheapest (when measured by both initial construction cost and by annual and periodic maintenance costs over the facility lifecycle), the quickest (in terms of overall construction duration), and least risky alternative (when measured by suitability for long-term STRATCOM mission and mission viability during the construction process).

QUESTION SUBMITTED BY SENATOR TIM JOHNSON

ELECTRONIC MEDICAL RECORDS

The Air Force recently completed a site survey at Malmstrom Air Force Base, as part of the ongoing process to determine suitable basing for this repository. The communities of Malmstrom and Great Falls continue to be strongly supportive of situating it there. In fact, Montana State University in Great Falls has phenomenal online health information technology, medical billing and coding, and medical transcription courses. If selected, these courses would help to quickly train and support military and civilian personnel in these processes—what a perfect fit for the base, the community, and DOD.

Question. Realizing that the final decision on basing assignments resides with the Secretary of Defense, and in light of the recent announcement, Mr. Hale, could you please expound on the nature of the facilities that are being looked at to house these electronic medical records repositories, and discuss the current timetable for implementation?

Answer. The infrastructure capabilities of facilities within the United States, including Defense Information Systems Agency data centers, are being considered with regard to electronic medical records repositories. A chief consideration in the decisionmaking process will be the investment needed to accommodate capability requirements for the DOD/VA integrated electronic health record (iEHR). The Departments of Defense and Veterans Affairs will continue to collaborate on this decision. We anticipate the initial data center consolidation locations will be determined in fiscal year 2011. A timetable to support migration to these data centers will be established at that time.

QUESTIONS SUBMITTED TO DR. DOROTHY ROBYN

QUESTIONS SUBMITTED BY SENATOR JACK REED

Question. I support this effort because it promotes the efficient administration and completion of Federal construction projects. It would also make sure workers are being treated fairly in terms of wages and benefits during these difficult economic times.

What steps has the Department taken to implement this Executive order?

Answer. DOD joined with other agencies and the Federal Acquisition Regulatory Council to develop Government-wide implementing regulations for Executive Order 13502. The Federal Acquisition Regulation (FAR) rulemaking process included going out for public comments, making changes based on the comments, and additional deliberations prior to publication of a final rule. The final rule amending the FAR was effective on April 13, 2010. The rule adds subpart 22.5—Use of Project Labor Agreements (PLAs) for Federal Construction Projects to the FAR which provides definitions, explains the policy and general requirements for project labor agreements. It also identifies a number of specific factors that agencies may consider in making a decision to require a PLA. The FAR rule provides standard solicitation provisions and contract clauses to facilitate implementation.

Question. What guidance are you providing to the services to encourage them to use PLAs on MILCON projects?

Answer. Executive Order 13502 was issued in February 2009 encouraging agencies to consider requiring the use of PLAs with large-scale construction projects. In July 2009, the Office of Management and Budget issued a memorandum that required reporting of those contracts exceeding the \$25 million threshold. The services report to the Office of the Under Secretary of Defense (Acquisition, Technology and Logistics), Director, Defense Procurement and Acquisition Policy on their large-scale construction projects on a quarterly basis.

A new FAR implementing Executive Order 13502 was announced in April 2010. The FAR rule provides guidance through standard solicitation provisions and contract clauses to facilitate implementation. The DOD organization with the majority of large construction contracts that exceed the \$25 million threshold are the U.S.

Army Corps of Engineers (USACE) and Naval facilities (NAVFAC). DOD organizations were encouraged to develop internal implementing policies for their organizations. The USACE procurement instruction letter was signed and became effective in October 2010; similar guidance was developed by NAVFAC in February 2011.

SUBCOMMITTEE RECESS

Senator JOHNSON. This hearing is concluded.
[Whereupon, at 3:27 p.m., Thursday, April 7, the subcommittee was recessed, to reconvene subject to the call of the Chair.]